

Report for: Corporate Committee 30 July 2020

Title: Schools Audits

Report authorised by: Ann Graham

Lead Officer: Eveleen Riordan eveleen.riordan@haringey.gov.uk
020 8489 3607

Ward(s) affected: All

**Report for Key/
Non Key Decision:** Non Key

1. Describe the issue under consideration

- 1.1 This report provides an update on audits in our school following a report earlier this year (March 2020) to Corporate Committee which set out the finance and audit training available to our schools, and set out that a sum of money would be used from the schools in financial difficulty (SiFD) pot to support an LA led SLA to our schools to provide timely and strong financial support and advice to our schools to enable them to have strong financial processes in hand. The briefing to Corporate Committee also outlined that any school that had a Nil assurance outcome for two consecutive audits would trigger a call from the Assistant Director for Schools and Learning and the Head of Audit to the Head teacher and Chair of Governors to support the school to move to a more positive outcome without delay.
- 1.2 This report summarises the outcomes from the 2019/20 audit process and sets out the expectations for the coming financial year (2020/21) in terms of auditing our schools.

2. Cabinet Member Introduction
NA

3. Recommendations
That Corporate Committee note the contents of this report.

4. Reasons for decision
NA

5. Alternative options considered
NA

6. Background information

- 6.1 Haringey's internal audit undertakes a programme of schools audit reviews to ensure that schools are complying with the requirements of the Schools'

Financial Manual and to confirm the risks associated with the key finance and non-financial processes are appropriately managed.

- 6.2 Currently all schools receive a full audit at least every four years and follow up work is completed in the financial year after the visit.
- 6.3 For 2019/20, there are four levels of assurance: Substantial, Adequate, Limited, and Nil. 2019/20 saw a total of 18 schools audited (17 primary and 1 secondary). Of the 18, there were 6 schools where assurance provided was below expectations. Of these 18, only two were had a Nil assurance outcome, both primary schools. This is a consistent performance to 2018/19 but a noted improvement on 2017/18 with limited and nil assurances having decreased over time. A nil assurance is a concern but our expectation is that when a follow up audit for these two schools is carried out in 2020/21, the schools will have put in place adequate measures to improve their rating to a satisfactory level.
- 6.4 One of the schools with a Nil assurance is a primary school for age group of 2-11 years. The most recent OFSTED inspection for the School was completed in October 2017 and the school continued to be classed as "Good". The previous internal audit was completed in April 2016 and "Substantial" assurance was provided. The current audit raised 20 recommendations, 14 were classed as Priority 2 and six as Priority 3. The decline in assurance appears to be routed in the loss of the school's long standing School Business Manager. The audit highlighted a number of administrative processes not been applied, particularly around the maintenance of the various committee terms of reference, management of declarations of interests, use of purchase orders, carrying out petty cash reconciliations and management of inventory. The school has now put in place a new business manager and it is expected that when it is re-audited in 2020/21, significant improvement will have been secured.
- 6.5 The other Nil school is also a primary school with an OFSTED rating of "Good" (February 2017). The school has been through a period of turbulence that includes falling rolls and a change in leadership, including an interim head for a period of one term from September 2020. With both a new Head teacher and a new business manager, significant improvements are being secured across all areas, including financial practices and, again, this is expected to be reflected in a much more positive outcome when the school is audited in the coming financial year.
- 6.6 The period of Covid-19 and lockdown has given internal audit colleagues some time to reflect on the schools' audit approach. For 2020/21, the programme will be reviewed to ensure it is focused on highest risk areas, including any that have increased due to the response to COVID-19.
- 6.7 A new approach to follow up has been designed to be more proactive with our schools in terms of their financial practices and the audit process. The team is also looking to work more closely with other Council teams who work with schools, again to ensure efficient use of audit resources and added value from the work for stakeholders.
- 6.8 Investment in training for governors and schools as outlined in the briefing to Corporate Committee in March 2020 will continue. This will, as with last year,

include targeting those schools where their audit has resulted in a rating of Limited or Nil assurance.

6.9 Annual audit reports are taken to the Schools' Forum as well as Corporate Committee.

7. Legal Comments

7.1 A school governing body's right to a delegated budget can be suspended by the local authority in accordance with section 51 of the Schools Standards and Framework Act 1998. A suspension can be imposed in cases of financial mismanagement or failure to persistently or substantially comply with any applicable arrangements or conditions detailed in the Scheme for delegated budgets.

8. Equalities comments

8.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

8.2 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

8.3 The report recommends that Corporate Committee note a summary of the outcomes from the 2019/20 audit process and the expectations for the coming financial year (2020/21). In doing so, the Committee must have in mind the need to advance equality of opportunity for children by promoting participation in education. To the extent that the audit process helps to ensure that the educational needs of children can continue to be met, it represents a measure to advance equality of opportunity.

9. Use of Appendices

NA

10. Local Government (Access to Information) Act 1985

NA