



**Haringey** Council

## Agenda Item

8

## Report Status

For information/note ☒  
For consultation & views ☐  
For decision ☐

### The Children and Young People's Service

### Report to Haringey Schools Forum – 23 February 2012

**Report Title:** The schools internal audit programme.

**Author:** Head of Audit and Risk Management

**Purpose:**

To advise the Schools Forum of the outcomes of the 2010/11 and 2011/12 audit programme and provide the programme of work to be undertaken in 2012/13.

To advise the Schools Forum of the reporting route for school audit reports and follow up work for 2012/13.

**Recommendations**

1. That the Schools Forum note the results of the 2010/11 and 2011/12 audit programme and the planned programme of audit work for 2012/13.
2. That the Schools Forum note the reporting route for school audit reports and follow up work for 2012/13.

**1. Background and results of 2010/11 and 2011/12 audit programme to date.**

- 1.1 The Council's Corporate Finance issued the Schools Finance Manual to all schools in 2007. The Manual sets out the financial regulations and procedures that schools should follow and covers all key financial and non-financial processes. In addition, Corporate Finance provides regular guidance and information to all schools in respect of the key financial and non-financial processes at schools.
- 1.2 Internal Audit undertakes a programme of school audit reviews to ensure that schools are complying with the requirements of the Schools Finance Manual and the risks associated with the key financial and non-financial processes are appropriately managed.

1.3 Internal Audit previously completed the assessments to ensure all schools within Haringey met the statutory Financial Management Standard by 31 March 2010. The FMSiS was suspended in November 2010 and a new standard, the Schools Financial Value Standard, has been put in place which is based on a process of self assessment and reporting by schools.

1.4 Internal audit are not required to audit the SFVS, but an annual assessment of returns will be made and may lead to a reprioritisation of the audit programme. The programme of routine audit work should assist schools in providing the assurance to Governing Bodies for the SFVS.

1.5 Internal Audit previously reported the results of the FMSiS programme to the Schools Forum on an annual basis. As the Standard was suspended in November 2010, Internal Audit has not reported to the Schools Forum on audit work since May 2010.

1.6 It was felt that a report on routine audit work would be appropriate to report the overall outcomes and assurances provided to individual schools for 2010/11 and 2011/12 (to date) and:

- Highlight areas where schools had adequate controls in place and these had been effectively applied at the time of the audit visit
- Highlight areas where there were concerns that schools either did not have adequate controls in place and/or these had not been effectively applied at the time of the audit visit; and
- Consider options for the future in order to improve schools performance overall in key risk areas.

1.7 Table 1 below summarises the overall outcomes and assurance ratings for 2010/11 and 2011/12 (to date) of the internal audits completed. No 'nil' or 'full' assurance ratings were given and the results to date show that 50% of schools overall have been assessed as 'limited assurance'.

**Table 1**

	Number of school audits planned	Audit Complete – substantial assurance rating	Audit Complete – limited assurance rating	Audit planned/ in progress
<b>2010/11</b>				
Primary Schools (incl. nursery/special)	10	4	6	0
Secondary Schools	4	3	1	0
<b>2011/12</b>				
Primary Schools (incl. nursery/special)	16	6	6	4
Secondary Schools	2**	1	1	0
<b>Total</b>	<b>32</b>	<b>14</b>	<b>14</b>	<b>4</b>

\*\* Three secondary school audits planned, but one school voluntarily converted to academy status prior to the audit visit

1.8 For the 28 school audits completed, a total of 131 recommendations were raised. Table 2 below summarises the recommendations made and groups them into the areas which are contained within the individual audit reports issued to schools.

**Table 2**

Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
			Priority 1	Priority 2	Priority 3
Management organisation	Amber	Amber	10	21	3
School improvement plan and OFSTED inspections	Green	Green	1	4	0
Budget setting, monitoring and control	Green	Green	4	2	0
Staffing	Green	Amber	4	8	0
Disbursement accounting records	Amber	Amber	11	13	1
Inventory Records	Green	Amber	0	22	1
Accounting	Green	Amber	0	3	0
School unofficial fund	Green	Amber	2	4	1
Data Protection	Amber	Amber	0	1	0
Income and Lettings	Green	Green	2	4	0
School meals	Green	Amber	1	5	3
<b>Total</b>			<b>35</b>	<b>87</b>	<b>9</b>

1.9 The areas reported as 'Green' indicate that, overall, schools have adequate and effective controls in place to manage the risks. School Improvement Plans and OFSTED inspections; Budget setting, monitoring and control; and Income and lettings are areas which internal audit have assessed as achieving good practice in the majority of schools.

1.10 Areas which are reported as 'Amber' indicate that, overall, schools do not have adequate and/or effective controls in place to manage the risks. In particular the areas of Management Organisation; Staffing; Disbursement accounting records; Inventory records; and Data Protection are areas which internal audit consistently raise recommendations in order to improve control over risk and/or have a high number of high priority (Priority 1) recommendations.

1.11 The Council's Corporate Committee receive details of the outcome of school audits in summary form – the name of the school, the assurance

rating and the number of Priority 1, 2 and 3 recommendations made on a quarterly basis. At the last Corporate Committee meeting in January 2012, Members requested information on schools' progress in implementing the recommendations raised.

1.12 Deloitte and Touche have begun a programme of visits to follow up school reports and recommendations and a summary report will be made to the Corporate Committee in May 2012 on progress. Reporting of progress in implementing recommendations will continue to the Corporate Committee during 2012/13.

1.13 In order to ensure that improvements in key risk areas are made across all schools, Internal Audit and Corporate Finance will offer training to schools during 2012/13. The training programme will focus on the risk and assurance processes where high numbers of audit recommendations have been made previously.

## **2. Proposed programme 2012/13**

2.1 As the FMSiS programme of work has ceased, Internal Audit will continue with a programme of routine audit work for 2012/13. The planned programme of audit visits for 2012/13 is attached at Appendix A. The date of the last recorded audit excludes the FMSiS audits completed in the interim period.

2.2 Internal Audit will liaise with the Head Teachers to arrange a mutually convenient time for the audit visit to take place. As is current practice, formal confirmation of the date, together with the areas to be review, audit approach, and documents required for the audit will be provided. The confirmation will usually be made approximately 8 weeks prior to the audit visit. One week prior to the agreed date, Internal Audit will re-confirm the audit with the school.

2.4 Unfortunately, there have been instances where, despite agreement over the date of the audit, the school have cancelled the audit at very late notice (sometimes on the morning of the visit). Up to now, Internal Audit have been flexible and re-scheduled the audit at a time to suit the school.

2.5 Internal Audit recognises that a school may have an unforeseen emergency, and will always take this into account when agreeing to defer an audit visit. However, from 2012/13 where the school cancels the visit after the final confirmation (one week prior to the audit visit), without a valid reason, Internal Audit will raise an invoice to the school for £350, representing the cost of one day's audit. The Head teacher will be advised of this at the time of cancellation.

## **3. Recommendations.**

- 3.1 That the Schools Forum notes the results of the 2010/11 and 2011/12 audit programme to date and the planned programme of audit work for 2012/13.
- 3.2 That the Schools Forum note the reporting route for school audit reports and follow up work for 2012/13.

## Appendix 1

### Schools Internal Audit Programme 2012/13

<b>Schools</b>	<b>Date of last audit (excluding FMSiS)</b>
<b>Primary</b>	
Lordship Lane	31.05.05
North Haringay	19.04.05
Our Lady of Muswell Hill	21.11.05
Risley Avenue	11.10.05
St Aidan's CE	31.03.05
St John Vianney RC	31.10.05
St Michael's CE (N6)	27.05.05
Tetherdown	06.07.05
The Green, CE	13.08.04
Weston Park	27.05.05
<b>Junior</b>	
Belmont Junior	28.11.03
<b>Infant</b>	
Rokesly Infants	30.06.04
St Mary's CE Infants	08.07.05
St Peter-in-Chains RC Infants	25.02.05
<b>Nursery</b>	
Pembury	08.12.05
Woodlands	30.08.05
<b>Special Schools</b>	
Riverside	10.05.04
The Vale	14.02.03
William C Harvey	10.11.04
<b>Secondary</b>	
Fortismere	29.10.09