



Haringey Council

Agenda Item

6

Report Status

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

The Children and Young People's Service

Report to Haringey Schools Forum – 23 May 2013

Report Title: The schools 2013/14 internal audit programme and outcome of previous years' work.

Author: Head of Audit and Risk Management

Purpose:

To advise the Schools Forum of the outcomes of the 2010/11 - 2012/13 audit programme; provide the programme of work to be undertaken in 2013/14; and suggest future training and development options for schools.

Recommendations

1. That the Schools Forum note the results of the 2012/13 audit programme and the planned programme of audit work for 2013/14 (Appendix A).
2. That the Schools Forum endorses the circulation of the audit test programme (Appendix B) to all schools for their use to assist in improving governance and controls.
3. That the Schools Forum approves the introduction of a pilot programme of pre-audit workshops for school staff.

1. Background and results of audit programme.

1.1 The Council's Corporate Finance service 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 are not required to audit the SFVS, or provide an assessment of schools' compliance with this. However, the programme of routine audit work should assist schools in providing the assurance to Governing Bodies for the SFVS.

1.4 This report:

- Summarises the overall outcomes and assurance levels provided to individual schools from 2010/11 to 2012/13 (to date);
- Provides a further analysis of the assessment of controls in place at schools for those audits undertaken in 2012/13; and the numbers of related recommendations made;
- Highlights some of the areas of non-compliance where recommendations were made; and
- Proposes some training options for the future in order to improve schools' performance overall in key risk areas.

1.5 Table 1 below summarises the overall outcomes and assurance ratings from 2010/11 to 2012/13 (to date) of the internal audits completed. Four primary school audits are still to be finalised from the 2012/13 programme, but initial draft reports indicate that one school will receive a 'substantial' rating and three schools will receive a 'limited' assurance rating.

Table 1

	School audits planned	Substantial assurance rating	Limited assurance rating	Nil assurance rating
2010/11				
Primary Schools (incl. nursery/special)	10	4	6	0
Secondary Schools	4	3	1	0
2011/12				
Primary Schools (incl. nursery/special)	17	7	9	1
Secondary Schools	2	1	1	0
2012/13				
Primary Schools (incl. nursery/special)	19	5	9	1
Secondary Schools	1	0	1	0
Total	53	20	27	2

1.6 For the 16 school audits finalised for 2012/13, **a total of 179 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	Green	Amber	11	24	3
School improvement plan & OFSTED inspections	Green	Amber	1	4	0
Budget setting, monitoring & control	Green	Amber	3	12	2
Staffing	Green	Amber	4	10	1
Disbursement accounting records	Amber	Amber	24	15	1
Asset Management & Inventory Records	Amber	Amber	5	23	2
School unofficial fund	Green	Amber	5	5	0
Income & Lettings	Green	Amber	3	3	1
School meals	Green	Amber	4	11	2
Total			60	107	12

1.7 The areas reported as 'Green' under 'Adequacy of Controls' indicate that, overall, schools have identified appropriate controls which, if put into practice, would be adequate to manage the risks for that area. From Table 2 above, it can be seen that there are two areas – disbursement accounting records and inventory records – where, overall, there weren't adequate controls in place.

1.8 The column headed 'Effectiveness of Controls' is an assessment of whether the controls which should be in place are working as intended. Table 2 highlights that, overall, there are no areas where identified controls are operating as intended which is a worsening position from 2011/12 and is a serious concern from internal audit and corporate finance's point of view.

1.9 Most common areas of non-compliance with the Schools Finance Manual in 2012/13 were as follows:

Items out of date:

- Scheme of Delegation; Bank Mandate; Inventory; Audit of Unofficial Funds

Items missing or non-existent:

- Register of Business Interests; Monthly Budget Monitoring; Terms of Reference for Committees; Evidence of CRB Clearance

Non-ratification/minuting:

- Budget/Revised Budget; Internal Scheme of Delegation; School Development Plan; Use of Pupil Premium

Non-signature:

- Monthly Bank Reconciliation; Weekly Meals Reconciliation

1.10 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. The next report will be presented to Corporate Committee in June 2013.

2. Internal Audit schools audit programme 2013/14

2.1 Internal audit will continue with a programme of routine audit work for 2013/14. The planned programme of audit visits for 2013/14 is attached at Appendix A.

2.2 Internal Audit liaise with the Head Teachers to arrange a mutually convenient time for the audit visit to take place. Most dates for school audits have already been agreed and are included in Appendix A.

2.3 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.

3. Training/development options

3.1 Attached at Appendix B is the current internal audit test programme for school visits. It is proposed that this is circulated to all schools to assist their understanding of audit requirements and to use as a basis for ensuring their own compliance with the Schools Finance Manual. It should be noted that internal audit may cover other areas not listed in Appendix B, when at the school if risks are identified during the visit.

3.2 At meetings of Primary and Secondary head teachers, it was suggested by internal audit that a short workshop session could be provided to school staff (finance staff, bursars, and head teachers) in advance of audit visits taking place. This was considered a useful suggestion and it is proposed to run a pilot programme of 2 sessions in 2013/14 with school staff. The pilot programme will be reviewed following its completion and a decision on its continuation reported to the Schools Forum.

4. Recommendations.

4.1 That the Schools Forum note the results of the 2012/13 audit programme and the planned programme of audit work for 2013/14 (Appendix A).

4.2 That the Schools Forum endorses the circulation of the audit test programme (Appendix B) to all schools for their use to assist in improving governance and controls.

4.3 That the Schools Forum approves the introduction of a pilot programme of pre-audit workshops for school staff.

Appendix A

Schools Internal Audit Programme 2013/14

Schools	Agreed start date
<i>Probity Audit: Secondary Schools</i>	
Heartlands High	
Highgate Wood School	
Hornsey School for Girls	
<i>Probity Audit: Primary Schools</i>	
Alexandra	
Bounds Green	
Coldfall	23/04/2013
Earlham	24/04/2013
Ferry Lane	17/06/2013
Lancasterian	
Mulberry	
Rhodes Avenue	
St James CE	
Stamford Hill	07/05/2013
Stroud Green	17/06/2013
Tiverton	10/06/2013
Welbourne	03/06/2013
<i>Probity Audit: Junior Schools</i>	
Rokesly Junior	20/05/2013
<i>Probity Audit: Special Schools</i>	
Blanche Neville Special	29/04/2013