

Agenda Item

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Report Status

For information/note
For consultation & views
For decision

The Children's Service

Report to Haringey Schools Forum – 25 February 2016

Report Title: The 2016/17 internal audit programme for schools

Author: Head of Audit and Risk Management

Purpose:

To advise the Schools Forum of the programme of internal audit work to be undertaken in 2016/17.

Recommendations

1. That the Schools Forum note the planned programme of internal audit work for 2016/17 (Appendix A).

1. Background

- 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. Whilst some of the content has been superseded, the principles of the financial and non-financial processes and procedures remain valid, including e.g. budgetary control, income and expenditure systems, recruitment and asset management.
- 1.2 In addition, Corporate Finance provides regular guidance and information to all schools in respect of the key financial and non-financial processes at schools.
- 1.3 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.
- 1.4 Internal audit are not required to audit the School Financial Value Standard (SFVS), where schools undertake a self-assessment of, or provide an opinion of schools' compliance with this standard. However, the programme of routine audit work should assist schools in providing appropriate assurance to Governing Bodies for the SFVS.

1.5 Internal Audit previously circulated the audit test programme to all schools, via the Schools Bulletin. This should not be seen as an exhaustive programme as Internal Audit may undertake additional work or testing if control weaknesses, or compliance issues, are identified during the audit visit. However, ensuring that key processes and controls are in place, should assist schools to prepare for an audit visit.

2. Internal Audit schools audit programme 2016/17

2.1 Internal Audit will continue with a programme of audit work for schools in 2016/17 and the planned programme of audit visits is attached at Appendix A.

2.2 The programme is based on an analysis of the risks, together with a cyclical element to ensure that all schools are visited within an agreed period (maximum every four years). Included in the list for 2016/17 are some schools which received a 'limited', or 'nil', assurance rating and had outstanding recommendations at the time of the follow up audit, so their audit cycle will be less than four years.

2.3 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 reviewed, audit approach, and documents required for the audit will be provided to the school in advance via email.

2.4 The confirmation will usually be made via email approximately 8 weeks prior to the audit visit. One week prior to the agreed date, Internal Audit will re-confirm the audit visit with the school.

3. Assurance outcomes for previous years' audit programme

3.1 This report summarises the overall outcomes and assurance levels provided to individual schools from 2012/13 to 2015/16. Table 1 below summarises the outcomes for the previous four financial years of all internal audits completed.

Table 1

	Number of audits planned	Substantial Rating assurance	Limited Assurance rating	Nil Assurance rating
2012/13				
Primary Schools (incl. nursery/special)	19	5	13	1
Secondary Schools	1	0	1	0
Sub-total	20	5	14	1
2013/14				
Primary Schools (incl. nursery/special)	15	8	6	1
Secondary Schools	3	1	2	0
Sub-total	18	9	8	1
2014/15				
Primary Schools (incl. nursery/special)	12	5	5	0
Secondary Schools	1	1	0	0
Sub-total	13	6	5	0
2015/16				

Primary Schools (incl. nursery/special)	12	8	1	0
Secondary Schools	1	1	0	0
Sub-total	13	9	1	0
Total	64	29	28	2

3.2 The 2015/16 audit programme has yet to be completed and a further update on the final position will be provided to the Schools Forum later in the year. However, the Schools Forum will note the number and proportion of schools receiving a 'substantial' level of assurance at this stage of the year is significantly improved from the previous three years.

4. Reporting and escalation processes agreed 2015/16

4.1 The Children's Service was concerned with the outcomes of the follow up programme of the 2014/15 audit reports. This was reported to the Schools Forum meeting in July 2015 which advised that 28 out of 58 High Priority (Priority 1) recommendations remained outstanding at the time of the follow up visit. The Council's Corporate Committee also requested action be taken to address the situation.

4.2 As a result, the Interim Assistant Director – Schools and Learning presented a report to the Corporate Committee in November 2015. The report confirmed that the Children's Service and Internal Audit would continue to support schools, but set out the steps that would be taken: firstly, to ensure that audit reports were provided as a matter of routine to each Chair of Governors; and secondly the escalation process that would be followed if schools did not provide an appropriate response to the audit recommendations. This was circulated to schools following approval at Corporate Committee, but is set out below for information. The process will commence if the auditor doesn't receive evidence of compliance that is considered satisfactory. At that point, school governor services will be informed and the following process applied in consultation with the head teacher and chair of governors:

- a) A letter to the head teacher and chair of governors stating the requirement that they offer assurance that appropriate action is being taken to address recommendations made within a specified time, to be specified by the head of governor services (following consultation with the head of audit and risk management);
- b) Should appropriate assurance not be given within the timescale set, an informal warning notice will be sent to the school by the Assistant Director Schools and Learning, stating the requirement for the school to offer assurance of action to comply with audit recommendations within a specified time – this will generally be the same as for a formal warning notice (15 working days), but the Assistant Director, in consultation with the Head of Audit and Risk Management, may vary this;
- c) Should appropriate assurance not be provided within the timescale set in the informal notice, a formal warning notice, under section 60 (2) (b) of the Education and Inspections Act, 2006) will be sent to the head teacher and chair of governors

by the Director of Children's Services, which must be responded to within 15 working days;

d) Should appropriate assurance still not be forthcoming, the Director of Children's Services will consider what action should be taken using powers set out in section 63, 64, 65 or 66 of the Education and Inspections Act, 2006.

4.3 It is anticipated that, if schools and internal audit can agree the responses and evidence to enable the audit report to be completed, the escalation process will be used infrequently by the Children's Service. The Head of Audit has been requested to include details of any escalation process used in future reports to the Corporate Committee; and will also provide details to the Schools Forum when the outcomes of the 2015/16 audits are reported later in 2016.

5. Training for School staff and Governors

5.1 In addition to circulating the school audit test programme, a workshop session is provided for school staff (head teachers, school business managers, finance staff etc) to further assist schools in identifying key risk areas and control processes. All schools with audits planned during the year are invited to the workshop session.

5.2 A workshop session has been booked for **16 March 2016** and an invitation has been sent to all schools listed at Appendix A, together with any newly appointed Head and Deputy Head teachers. If any other schools, apart from those listed at Appendix A wish to participate in the pre-audit workshop session, please contact Jerry Barton, the Audit Manager, via email at jerry.barton@mazars.co.uk.

5.3 A training session on audit and risk management was provided on 9 February 2016 as part of the annual governor training package. The training session is offered every academic year and covered governor roles and responsibilities in relation to audit and risk management, as well as providing advice and guidance on key risk/control areas. Governors of schools due to be audited in 2016/17 were all invited to attend and the feedback for the session was very positive.

6. Recommendations

6.1 That the Schools Forum note the planned programme of audit work for 2016/17 (Appendix A) and the initial feedback on outcomes following audit work completed in 2015/16.

Internal Audit – Schools Audit Programme 2016/17

		Last Audit Date
		Date
	Primary Schools	
1	Earlham	May 2013
2	Ferry Lane	June 2013
3	Lordship Lane	September 2012
4	North Harringay	November 2012
5	Our Lady of Muswell Hill	October 2012
6	Seven Sisters	July 2012
7	St Aidan's CE	December 2012
8	St John Vianney RC	December 2012
9	St Mary CE	February 2013
10	St Michael's CE (N6)	September 2012
11	Stamford Hill	June 2013
12	Stroud Green	June 2013
13	Tetherdown	December 2012
14	Tiverton	June 2013
15	West Green	July 2013
16	Weston Park	October 2012
	Junior Schools	
17	Belmont Junior	October 2012
18	Infant Schools	
19	Rokesly Infants	July 2012
	Nursery Schools	
21	Pembury	January 2013
22	Woodlands Park Nursery School and C/C	January 2013
	Secondary Schools	
23	Fortismere	May 2012
24	Highgate Wood	October 2013
25	Northumberland Park	September 2013
	Special Schools	
26	Riverside	September 2012
27	The Vale	September 2012
28	The Brook on Broadwater	July 2012
29	Blanche Neville	April 2013