

Report Status

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The Children's Service

Report to Haringey Schools Forum – 23 February 2017

Report Title: The 2017/18 internal audit programme for schools

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Purpose:

To advise the Schools Forum of the programme of internal audit work to be undertaken in 2017/18.

Recommendations

1. That the Schools Forum note the planned programme of internal audit work for 2017/18 (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 Whilst some of the content has been superseded, the principles of the financial and non-financial processes and procedures remain valid, including e.g. budgetary control, income and expenditure systems,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 and following each annual pre-audit workshop session. 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 2017/18

2.1 Internal Audit will continue with a programme of audit work for schools in 2017/18 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 2017/18 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 completed/ planned	Substantial Assurance Rating	Limited Assurance Rating	Nil Assurance Rating
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)	10	5	5	0
Secondary Schools	1	1	0	0
Sub-total	11	6	5	0
2015/16				
Primary Schools (incl. nursery/special)	10	8	2	0
Secondary Schools	1	1	0	0

Sub-total	11	9	2	0
2016/17*				
Primary Schools (incl. nursery/special)	21	2	9	1
Secondary Schools	3	1	2	0
Sub-total	24	3	11	1
Total	64	27	26	2

* audit programme of work still in progress

3.2 The 2016/17 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 'limited' level of assurance at this stage of the year has significantly increased from the ratings over the previous three years. In 2016, the Schools Forum were advised that the 2016/17 included a higher proportion of schools which were on a shorter audit cycle as a result of previous 'limited' or 'nil' assurance ratings and/or failing to implement recommendations by the date of the formal audit follow up visit.

4. Reporting and escalation processes (agreed 2015/16)

4.1 The Children's Service was concerned with the outcomes of the follow up programme following the outcome report 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 then 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. The escalation process was circulated to all schools following approval at Corporate Committee.

4.3 Since its implementation, the escalation process has not been used as agreement has been reached between schools and internal audit; however, the option to use the escalation process in the future will be retained.

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 An informal workshop session has been booked for **15 March 2017** and an invitation has been sent to all schools listed at Appendix A, together with any newly appointed Head, Deputy Head teachers and School Business Managers. 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 is due to be provided on **23 March 2017** as part of the annual school governor training package. The training session is offered every academic year and covers 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 2017/18 have all been invited to attend this session. Previous feedback for the session has been very positive and governors are encouraged to attend to enhance their knowledge of risk and control issues.

6. Recommendations

6.1 That the Schools Forum note the planned programme of audit work for 2017/18 (Appendix A) and the initial feedback on outcomes following audit work completed in 2015/16.

Internal Audit – Schools Audit Programme 2017/18

		Last Audit Date
	Primary Schools	
1	Alexandra	September 2013
2	Bounds Green	November 2013
3	Bruce Grove	June 2014
4	Chestnuts	September 2014
5	Coldfall	April 2013
6	Crowland	June 2014
7	Lancasterian	October 2013
8	Mulberry	June 2014
9	Rhodes Avenue	March 2014
10	St Martin of Porres RC	October 2014
11	St Mary CE	February 2013
12	St Paul's RC	June 2014
13	Stamford Hill	June 2016
14	Tiverton	June 2013
15	Welbourne	July 2013
	Infant Schools	
16	Rokesly Infants	July 2012
17	St Peter-in-Chains RC Infants	May 2012
	Secondary Schools	
18	Hornsey School for Girls	October 2013