

SCHOOLS FORUM

Meeting date: 20th June 2019

From: Dan Barton, Assistant Director – Education & Skills and Julie Crellin, Director of Finance

FINDINGS FROM INTERNAL AUDITS OF SCHOOLS

1.0 EXECUTIVE SUMMARY

- 1.1 *Internal Audit undertakes a small sample of school audits each year and findings from those completed in the 3 years up to 2017/18 were shared with the School Forum in January 2019. These were subsequently disseminated more widely to all schools via the Schools Portal. This allowed schools to consider their own arrangements with regard to the common findings and put in place any necessary improvements.*
- 1.2 *The Audit & Assurance Committee has agreed that an annual summary should be prepared and common findings shared with all schools via the Portal. This report at Appendix 1 shows the common findings from audits completed in 2018/19.*

2.0 RECOMMENDATION

- 2.1 *The Schools Forum is asked to note the content of the accompanying report and the intention to distribute this to all schools via the Schools Portal for information.*

3.0 BACKGROUND

- 3.1 Internal Audit undertakes a small sample of school audits each year as part of the internal audit plan agreed by the Audit & Assurance Committee. Internal Audit reports are agreed with the Headteacher at individual schools, including an action plan for improving controls. A copy of the agreed report is also provided to the Chair of Governors so that Governors can support Heads in implementing agreed actions. A summary of individual school audit findings is also provided to the Audit & Assurance Committee as part of Internal Audit's quarterly progress reports.
- 3.2 As there are only a few school audits now undertaken the learning and potential for improvement is only available to individual schools which have

been audited in any given year. Internal Audit has therefore collated the findings from reviews in 2018/19 and incorporated these into a summary report (see Appendix 1). It is proposed that sharing the findings with all schools, in a suitably anonymised way, will assist schools in ensuring that they operate appropriate controls in the areas identified.

3.3 The scope of a school internal audit is to independently review and evaluate the effectiveness of a School's controls and governance processes relating to financial management. The detail of what is covered falls into six broad categories as follows:

- Governance & Financial Management;
- Income;
- Payroll;
- Purchasing;
- Asset/Information Management; and
- Community Facilities (where schools provide these).

3.4 The key guidance document for schools on financial management is the Financial Regulations for Schools which are an Annex to the Cumbria LA Scheme for Financing Schools and PRU's (July 2016). Section 4 of the Financial Regulations refers to audit arrangements and how these may assist the S.151 Officer in meeting statutory responsibilities and School Governing Bodies and managers with an objective view of the standard of their financial management and administration and general performance.

3.5 Although schools are required to submit an annual SFVS (School Financial Value Standard) return they are not required to confirm that they have complied with the Scheme for Financing Schools and PRU's, including Financial Regulations.

3.6 The general areas where improvements could be made are set out below. These are very similar to those identified previously but it should be noted that most of the audits in 2018/19 were completed before the previous summary report was shared with all schools:

- Policy for Financial Delegation
- Financial/governance policies required by LA Scheme
- Content of governors meeting minutes
- Declarations of interests
- Committee terms of reference
- Financial procedures
- School Fund
- Key financial reconciliations

- Deficit recovery plans
- On line payment authorisation
- SFVS action plans
- Income management
- Payroll contract management
- Payroll authorisation
- Purchase orders
- Purchase invoice record of authorisation
- Asset/equipment registers
- GDPR – Information Asset Registers
- Community facilities

3.7 Details of these are included in the audit summary report at Appendix 1. These findings are based on 6 schools audited in 2018/19.

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Accompanying Documents:

Appendix 1 – Summary of common internal audit findings for schools

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