

SCHOOLS FORUM

Meeting date: 13th March 2020

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 2019/20 are summarised in the attached report. An annual report on findings from school audits to the Schools Forum is in line with the requirements of the Council's Audit & Assurance Committee.*
- 1.2 *Findings will be disseminated more widely to all schools via the Schools Portal. This will allow all schools to consider their own arrangements with regard to the common findings and put in place any necessary improvements.*

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/Chair of Finance 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 2019/20 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 Schools are not required to formally confirm that they have complied with the Scheme for Financing Schools and PRU's (including Financial Regulations) but they all submit an annual SFVS (School Financial Value Standard) return. If they are meeting the requirements of the SFVS then by implication they will be complying with the Scheme. Schools Finance advised that they are updating the Scheme and will be making a more explicit link between the SFVS and the Scheme to assist schools.

3.6 The general areas where improvements could be made are set out below:

- Financial reporting to Governors and minutes of meetings
- Declarations of interests
- Operational financial procedures
- Financial/governance policies required by LA Scheme
- Policy for Financial Delegation
- Authorisation of payments
- Key financial reconciliations
- School Fund
- Committee terms of reference

- Administration of sales invoices and processing of receipts
- Management of outstanding debt
- Payroll authorisation
- Purchase orders
- Asset/equipment registers

3.7 Details of these are included in the audit summary report at Appendix 1. These findings are based on 8 schools audited in 2019/20. This included 5 full audits and 3 follow up reviews.

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Accompanying Documents:

Appendix 1 – Summary of common internal audit findings for schools

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