Isambard Community School

Follow-Up: August 2016

Final Report

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Report Distribution – Final Report issued on 18th August 2016:

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Executive Summary

Background

Isambard Community School is one of two secondary schools serving the Northern Sector of Swindon. With 1,079 pupils on roll (October 2015 Census), it is a PFI school using a shared site with three other schools, two of which are special schools.

A review of the financial procedures operating at Isambard Community School was completed as part of the planned programme of work in 2014/15. This was initiated in a response to the announced departure of the then Head Teacher, the departure of the Business Manager, a significant and unpredicted year end surplus of £657,000 compared to the £281,922 approved in the budget, and the submission of the School's three-year budget plan that indicated a potential budget deficit of £757,000 by 2016/17.

The School has been affected by falling pupil numbers, as a result of a shift in the overall pupil numbers in Swindon. In addition, the School has had lower than average exam results and was rated as '*requires improvement'* in an Ofsted inspection carried out in November 2014.

The previous Head Teacher left the School in August 2014. The Deputy Head Teacher, who became the Acting Head Teacher in the interim, was appointed as the permanent Head Teacher from 1st April 2015. The Business Manager and Finance Officer both joined the School at the end of June 2014.

The 2014/15 audit review identified a number of key control weaknesses in the financial management and governance of the School which gave an overall audit opinion of '*fundamental weaknesses identified'*. This report was presented the Council's Audit Committee on the 4th November 2014. A follow-up audit was carried out six months later, in May 2015, to report on the progress made against the audit action plan. This found that significant improvements had been made and an improved opinion on system controls was given. However, as there were number of significant recommendations that still needed to be fully implemented it was agreed by the Audit Committee, in June 2015, that a further follow-up audit would be carried out in 12 months, which has now been completed.

Audit Opinion

Overall opinion on system controls: The Auditor completing the follow-up review concluded that there are only four recommendations outstanding, three are medium priority and one low. As a result, an audit opinion of '**Satisfactory'** has been given based on the areas reviewed. The combination of the high materiality and impact of the systems, along with the opinion on the system controls gives an overall risk assessment to the Council as being **moderate** regarding the potential failure of internal control arrangements. However, if pupil numbers continue to fall at the current rate the School will end up with a significant budget deficit.

Key Messages

The School has made significant improvements to its internal control arrangements since the first audit that was carried out in 2014/15. There are now only four recommendations that remain outstanding. Whilst satisfactory internal controls are now in place, the School is still facing financial difficulty due to a continued reduction in pupil numbers. If pupil numbers continue to fall at the current rate (as projected in the three year plan) the School will need to seek permission from the Council to set a deficit budget of £601,413 in 2018/19 and will need to create an appropriate recovery plan.

The School has closely monitored pupil numbers and the financial effect of this in future years. This has been reported to, and discussed by, the Asset Management and Strategy Committees and the Full Governing Body. Evidence in meeting minutes show that numerous discussions have been held on strategies to increase pupil numbers, but over the last year little has materialised. These discussions still continue to be held, objectives have been identified, but a plan of how these will be achieved has not been created. Due to the timing of the school admissions window, it is likely that it is too late to influence pupil numbers for September 2017. Any action taken from now on will affect September 2018 admissions onwards, which are critical as this coincides with the opening of a new secondary school in the area, and is when a large financial deficit is forecast.

One priority identified by the School for increasing pupil numbers, is building on engagement and relationships with primary schools. The School has held a number of events, which have been attended by primary school pupils in the catchment area. In addition, it provides science, PE, design and technology and modern foreign language support and lessons to local schools, so that they are engaging with primary school pupils. Alongside this, work has been carried out to improve the School's reputation through increasing the number of student success stories published in its rebranded newsletter and in the local press. The School has vastly increased its use of social media in order to improve engagement with existing and potential students and parents and to promote school events, student activities and success stories.

The School Development Plan is focussed on improving teaching and learning and student behaviour, the impact of which should be reflected in improved exam results and an improved rating following the next Ofsted inspection. The School anticipates that the summer 2016 exam results, due in August, will be an improvement from the previous year's and will help to increase pupil numbers.

Despite efforts made to date, pupil numbers have continued to decline, with 1,079 pupils on roll in October 2015 falling to 1,013 by March 2016. The School has projected pupil numbers of 1,018 by October 2016, which will inform the 2017/18 budget. This would be a reduction of £224,797 revenue funding from that received in 2016/17, based on the basic per-pupil entitlement (BPPE) alone. A further reduction in pupil numbers to 979 has been projected for 2018/19.

In the 2015/16 budget, the School set an end of year balance of £387,701 and projected the same level of rollover in December 2015. However, in January 2016, following the receipt of pupil number projections for September 2016, and calculating the impact of this on the revenue funding for 2017/18, the School ceased all non-essential expenditure. Consequently the School was able to increase its end of year balance by £83,179, to £470,880, which allowed them to set balanced budgets for 2016/17 and 2017/18. In

the three year financial plan devised in 2015/16, the School had predicted a deficit of £107,000 in 2017/18. The School is now not projecting a deficit until 2018/19, but the level has increased to £601,413.

Asset Management Committee meetings are held every two months, and an income and expenditure to date report is provided by the Business Manager. Where possible, commitments are made on the system to show future expected income and expenditure. Key variations from budgets are discussed by the committee. It is noted that there were only a small number of areas where significant variances were identified during 2015/16, and these had been discussed.

Key improvements made since last audit

The following improvements in controls and processes have been identified since the last audit review:

- Pupil number variations and their financial effects are reported to Governors at each Asset Management Committee (AMC) meeting and discussions are held on new initiatives and actions to be taken in a bid to improve numbers. The projected pupil numbers for year's two and three of the 2016/17 three year financial plan have been set based on current pupil numbers and SBC projections. Therefore a realistic revenue income budget has been set. Expected increases to pupil numbers as a result of the work carried out by the School have not yet materialised.
- No virements were carried out during 2015/16 therefore no testing on proper approval could be carried out. The Business Manager confirmed that the School prefers not to use virements as they mask variations. Limits for virement approval by the Head Teacher, Business Manager and AMC have been set in the School's Scheme of Delegation, which will be followed by the School should the need for a virement arise.
- The Business Manager produces income and expenditure reports for each AMC meeting. These show actuals to date and commitments to year end, where possible. Significant variations from the budgets have been challenged by Governors and discussed. These only occurred in a small number of cost centres, therefore the School was predicting the budgeted year-end balance at December 2015. In response to the projected pupil numbers for the 2017/18 budget, the School restricted all non-essential expenditure in order to increase the end of year balance, which is to be used to balance the 2017/18 budget.
- The School maintains a contract register to record costs, review and renewal dates. This was provided to the Auditor and shows that there are no contracts with outstanding review dates. The Finance Officer was able to provide examples of recent reviews that had resulted in a change of supplier to obtain better value for money for the School.

- Testing on a sample of eleven purchases was carried out to ensure that authorisation for the expenditure is obtained prior to making a commitment. Ten out of eleven purchases were supported by an internal order form, which had been appropriately authorised. For the one that did not, it was a renewal of an existing contract (Parentpay), the School received an invoice to continue the service from the company a month before the contract renewal date and an internal order was then raised.
- Due to multiple invoices received against single purchase orders, a total of 23 invoice payments were tested. Four of these were not paid within the invoice terms (or 30 days where not stated). For one of the four, the payment had been put on hold by the budget holder, as there were outstanding issues with the service provided. A note and supporting email were on file with the invoice. For the remaining three, payment was made within a week of the required date (all under 30 days from the receipt of the invoice) therefore there is minimal risk of financial penalties being incurred.
- The School's Asset Control and Accounting policy has been updated and approved by the AMC. This requires all disposals of assets under three years old to be approved by the AMC. All other assets can be disposed of following authorisation by the Business Manager or Head Teacher. The Policy sets out that best possible value should be obtained when disposing of assets and that disposal to staff is not encouraged as it is more difficult to evidence that the School obtained value for money. A Disposal of Equipment form has been created to document the reason for disposal, action to be taken, authorisation, residual value, and value obtained (if it has been sold).
- The School's Charging and Remissions Policy has been updated and approved by the AMC. It now includes the following statement regarding the cost of additional adults accompanying pupils on the school trips: '*a request for a contribution towards the cost of a particular activity would, for example, include the cost of travel of accompanying teachers. However, no parent/carers should be expected to give a voluntary contribution above the cost of the activity for the individual student plus a proportion of the cost of travel for accompanying teachers, other members of staff or other adults deemed by the Head Teacher to be necessary to success of the activity*'.

Key areas of concern/ risk

The following key areas of concern have been identified during the review:

- The School and Governors have been aware of the importance of raising pupil numbers for over a year. Despite this, and a number of discussions on possible actions held, little has materialised and the same discussions as those held over a year ago are still being held. Due to timings for school admission applications, the School and Governors need to take action as soon as possible, in order to influence September 2018 admissions.
- For five out of eleven purchases tested official orders had not been entered on the financial management system in advance of the receipt of the invoice. If commitments against cost centre budgets are not made on the system prior to payment, future purchasing decisions may be made based on inaccurate data.
- Benchmarking has yet to be carried out. This was stated to be in part due to the lack of good comparable data available from the Department of Education's online benchmarking tool. This has been included as an action to be completed in the School's School Financial Value Standards (SFVS) assessment.
- The SFVS was completed by the Business Manager and Chair of AMC. The report was then distributed to the AMC prior to their meeting so that any queries or comments could be discussed at the meeting. This approach to completion has not formally been agreed by the AMC or Full Governing Body. In addition, the Full Governing Body did not review and approve the document as required.

Overall Opinion

Materiality and Impact: **High.** Isambard Community School had a budget for 2015/16 of £5.7 million, comprised predominantly of Local Authority budget share, and £480,324 rolled forward from 2014/15. It is therefore, a system that is of **high** materiality. It is considered that there would be a **high** impact on the Council, should there be major system failures in the areas examined**.**

Opinion on system controls: **Satisfactory** (see Appendix A) i.e. the Auditor completing the review concluded that most of the significant controls are in place and operating satisfactorily although some non-compliance was identified and therefore there is scope for improvement.

Changes since last audit: The table below is a summary of the progress made in implementing the recommendations from the 2015/16 audit.

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	Implemented	Partially Implemented	Not Implemented	TOTAL
High	1	0	0	1
Medium	3	2	1	6
Low	4	1	0	5
TOTAL	**8**	**3**	**1**	**12**

Overall Assessment of Risk: the combination of the high impact of the system, along with the opinion on the system controls gives an overall risk assessment to the Council as being **moderate**. This is an improvement on the previous audit opinion of concern. The overall opinion and risk assessment to the Council is based on the internal controls reviewed for the follow-up audit. It is not reflective of the challenging financial position of the School. To avoid going into a deficit position in 2018/19, as currently predicted, it is critical that pupil numbers improve. A new recommendation regarding the strategy to improve pupil numbers has been included in the action plan.

		MATERIALITY AND IMPACT		
SYSTEM CONTROL		**High**	**Medium**	**Low**
1	**High standard**	**Moderate**	**Minimal**	**Minimal**
2	**Satisfactory**	**Moderate**	**Moderate**	**Minimal**
3	**Significant improvements required**	**Of Concern**	**Moderate**	**Moderate**
4	**Fundamental weaknesses identified**	**Significant**	**Of Concern**	**Moderate**

Follow-Up Action Plan

The purpose of this action plan is to provide an update on the progress of the recommendations made in the initial audit. An updated status and audit finding and recommendation 9if applicable) is given along with an updated management response from the school.

Ref.	Original Audit Recommendations **Priority** (High/Medium/Low)	Responsible Officer Timescale	Management Response at Time of Original Audit	Status and Updated Audit Findings	New Recommendations **Priority** (High/Medium/Low)
1	***Financial Planning - To ensure financial planning is based on accurate and complete information and is aligned to the School's future plans.***				
1.2	The School should continue to closely monitor pupil numbers to ensure the projected in-year intake increases are achieved. It should be ensured that the financial impacts of any changes from approved plans/projections e.g. failure to achieve in year targets, are highlighted to Governors in a timely manner to ensure that steps to prevent a negative impact on the end of year balance can be planned. Minutes of meetings should be expanded to include details of discussions so that the key points made are documented. In addition, the minutes should be produced in a timelier manner to enable the attendees to check for accuracy while it is still fresh in their minds. **Priority: Medium**	Head Teacher June 2016	Agreed. Going forward discussions regarding the monitoring of pupil numbers and the effect on school finances which forms part of a continual review at the Asset Management Committee meetings will be minuted in detail. A new Clerk to Governors is being appointed, the job description for which contains the requirement for minutes to be complete five days after the meeting. Chairs of committees will ensure accuracy and timely distribution of minutes.	**Implemented** A report of actual pupil numbers compared to the budget figures, and the financial impact of these are provided by the Business Manager to each AMC meeting. Evidence in meeting minutes shows that numerous discussions have been held on strategies to increase pupil numbers, but over the last year little has materialised. Discussions on the School's strategy and marketing plan to increase pupil numbers still continue to be held, objectives have been identified, but a plan of how these will be achieved has not been created. Due to timing of the admissions window, it is likely that it is too late to influence pupil numbers for September 2017. Any action taken from now on will effect September 2018 admissions, which are critical as this coincides with the opening of a new secondary school in the area, and is when a large financial deficit is forecast. It was found that minutes are produced promptly.	The School should formally document a plan to achieve its objective of raising pupil numbers. Timescales and action owners should be determined, and this should be reviewed by relevant committees to ensure that these are completed. **Priority: High**
Updated Management Response: Agreed. The School and the new Chair of Governors fully appreciates the importance of student numbers to the financial security of the school and the role the Governing Body needs to play.					

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Ref.	Original Audit Recommendations **Priority** (High/Medium/Low)	Responsible Officer Timescale	Management Response at Time of Original Audit	Status and Updated Audit Findings	New Recommendations **Priority** (High/Medium/Low)
1	***Risk: Financial Planning - To ensure that financial planning is based on accurate and complete information and is aligned to the school's future plans.***				
1.5	It should be ensured that the Governors are provided with monitoring reports of progress made against the IT Development Plan, and the financial and school improvement implications of this. **Priority: Medium**	Head Teacher June 2016	**Agreed** Going forward this will form part of continual review at the Asset Committee meetings as part of the School Development Plan.	**Implemented** The School Development Plan (SDP) includes items for ICT development such as the redevelopment of the School's website, and the procurement of new systems. Progress against the SDP is monitored in sections by relevant committees. A new IT Replacement Plan has been created, due to a reduction in the budget available. The Plan includes items to be replaced using the £23,500 capital funding received each year. This amount has been set in the three year financial plan, and has its own cost centre. Expenditure against this is monitored through the general budget monitoring process.	**None**
1.6	The Business Manager should make better use of the School's financial management system by profiling the budgets to allow for reporting of year to date and year-end projections. **Priority: Medium**	Head Teacher June 2016	**Agreed** The Budget for 2015/16 is currently being entered into the Financial system and spread according to expected income and expenditure dates.	**Implemented** The Business Manager provides income and expenditure reports to each AMC meeting. This shows actual expenditure, plus commitments to year end, where this is known or can be predicted. Discussions are held on cost centres showing key variances to date. Due to not committing income for the full year, the reports do not show accurate year end projections until close to year-end, once the income has been received. The Business Manager provides an update on expected year-end projection in March and the actual year-end position once the accounts have been finalised, along with explanations for any variances from the budget.	**None**

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Ref.	Original Audit Recommendations **Priority** (High/Medium/Low)	Responsible Officer Timescale	Management Response at Time of Original Audit	Status and Updated Audit Findings	New Recommendations **Priority** (High/Medium/Low)
2	***Budget setting - to confirm that the budget set for the current year is based on complete and accurate information and is aligned to the future plans for the school.***				
2.1	For all future virements between cost centre budgets, the correct procedure should be followed, as per the School's Scheme of Delegation. A form for recording and approving virements has been provided which could be adopted by the School. **Priority: Medium**	Head Teacher June 2016	**Agreed** The form will be used and Governor approval sought when any future virements are made.	**Implemented** The Business Manager does not use virements as he believes that they can be used to mask over/underspends. He would rather the information stay in the financial reports for Governors to see. However, the School has a limit for Governor approval in its Scheme of Delegation, which will be followed should the need to make a virement arise. A comparison of the 2015/16 budget template was compared to the end of year cost centre summary report and it was confirmed that no changes to the original budget had been made.	**None**
2	***Budget setting (for current financial year) - to confirm that the budget set for the current year is based on complete and accurate information and is aligned to the future plans for the school.***				
2.2	Contracts that have been in place for a number of years should be formally reviewed to ensure they still offer value for money and are appropriate for the School's needs. **Priority: Low**	Business Manager March 2016	**Agreed** Contracts up for renewal will go through the procedure of obtaining alternative quotes and determining value for money. Any contract without an end date will be investigated before end September.	**Implemented** The School has a contract register in place setting out review and renewal dates. This was reviewed by the Auditor and it was found that there were no contracts with overdue review or renewal dates. The Finance Officer was able to provide a number of examples where a value for money exercise had been carried out resulting in a change of supplier. Where this exceeded limits set out in the Scheme of Delegation the appropriate approval had been obtained.	**None**

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Ref.	Original Audit Recommendations **Priority** (High/Medium/Low)	Responsible Officer Timescale	Management Response at Time of Original Audit	Status and Updated Audit Findings	New Recommendations **Priority** (High/Medium/Low)
3	***Budget Monitoring***				
3.2	Purchase orders should be raised prior to payment, at the point of order, to ensure commitments are accounted for and the School's financial monitoring position is up to date. Where the exact cost of a service / item is not known, an estimated order value can be used to ensure a commitment is recorded on the finance system. **Priority: Medium**	Business Manager July 2015	**Agreed** Agreed: Actioned with immediate effect. All payment will be made on or around payment due date where possible.	**In Progress** Internal requisitions are being used by the School to ensure that the budget holder has approved the purchase prior to a commitment for expenditure being made. Ten out of a sample of eleven purchases tested had an internal requisition raised prior to the invoice being received. However, for five out of eleven purchases, the official order had been raised retrospectively (following the receipt of an invoice) therefore the financial management system will not show the commitment until this point.	For all purchases with the exception of utility services, emergency purchases such as supply cover, and petty cash expenditure, purchase orders should be raised at the point of order, prior to payment, to ensure commitments are accounted for, appropriately authorised and the School's financial monitoring position is up to date. **Priority: Medium**
Updated Management Response: Agreed. Budget holders will be reminded at the start of the new academic year of the importance of preparing internal requisitions prior to expenditure and where practical official orders will be raised in the accounting system in a timely manner.					
3.3	Payments should be made to suppliers within the agreed payment terms unless payment is under dispute. The reasons for disputes should be recorded to explain any payment delays. **Priority: Low**	Business Manager July 2015	**Agreed** Actioned with immediate effect.	**Implemented** For the orders tested (as detailed in AP 3.2), 23 invoices had been received and paid. 19 out of the 23 invoices were paid within the invoice terms. For the four that were not, one had been put on hold and evidence was held on file with the invoice to show the reason for this. The three others had invoice terms shorter than 30 days and were paid within one week of the expected payment date, therefore there is minimal risk to the School that late payment penalties will be incurred.	**None**

Ref.	Original Audit Recommendations **Priority** (High/Medium/Low)	Responsible Officer Timescale	Management Response at Time of Original Audit	Status and Updated Audit Findings	New Recommendations **Priority** (High/Medium/Low)
3	***Budget Monitoring (continued)***				
3.4	The School should update their Disposal of Assets and Write Off Policy to include the actions to be taken for obsolete equipment. Decisions to sell equipment should be proposed and formally agreed by Governors with their decision recorded appropriately in the minutes of the relevant Governor meeting. This should record as part of the business case for the sale, both the reason for the sale and the expected sale value / income to be raised. **Priority: Low**	Business Manager June 2016	**Agreed** Policy will be rewritten before any assets are sold off.	**Implemented** The Asset Control and Accounting Policy has been updated and sets out that the disposal of assets under three years old requires Governor approval. All other assets can be disposed of on authorisation of the Business Manager or Head Teacher. A Disposal of Equipment form has been created to document the reason for disposal, action to be taken, authorisation, residual value, and value obtained if it is sold. The Policy sets out that best possible value should be obtained when disposing of assets and that disposal to staff is not encouraged as it is more difficult to evidence that the School obtained value for money.	**None**
3.5	The School's policy on Trips should be updated to include the School's approach to the use of volunteers and the participation on trips of staff spouses, partners and families. This should include the payment arrangement should this be deemed appropriate by the School. **Priority: Low**	Head Teacher June 2016	**Agreed** The policy will be rewritten before any volunteers are used on trips.	**Implemented** The Charging and Remissions Policy has been updated to include the following in response to the audit finding: '*A request for a contribution towards the cost of a particular activity would, for example, include the cost of travel of accompanying teachers. However, no parent/carers should be expected to give a voluntary contribution above the cost of the activity for the individual student plus a proportion of the cost of travel for accompanying teachers, other members of staff or other adults deemed by the Headteacher to be necessary to success of the activity'.*	**None**

Swindon Internal Audit Services: Isambard Community School Follow-Up 16/17

Ref.	Original Audit Recommendations **Priority** (High/Medium/Low)	Responsible Officer Timescale	Management Response at Time of Original Audit	Status and Updated Audit Findings	New Recommendations **Priority** (High/Medium/Low)
4	***Governance/ SFVS.***				
4.2	Benchmarking should be undertaken annually, and also carried out at any time when reviewing school contracts for procuring goods and services. The results of such benchmarking should be shared with the Finance / Asset Management Committee to determine how the information may be used to drive School performance. **Priority: Medium**	Business Manager June 2016	Agreed. In line with SFVS action plan benchmarking will be investigated and a plan for it used devised. It will begin with looking at income streams at similar maintained schools.	**Not Implemented** The School has not yet carried out any benchmarking of its finances. This was stated as being partly due to the difficulty in finding good comparable data that can be used. The Business Manager stated that he had tried to use the DfE online benchmarking facility, but it came up with poor comparisons e.g. an all-girls school in a rural location. Annual benchmarking has been included as an action to be completed in 2016/17 in the School's SFVS assessment.	The Asset Management Committee should identify the key areas where benchmarking would be most beneficial to the School. They should endeavour to find sources of data, other than DfE if this is found to be of no use. This could include local comparisons developed through the Business Manager network. The DfE has national statistics on school workforce in England available online. This could be used to compare the School's pupil to teacher and pupil to adult ratio (PAR), Teacher, Leadership and Head Teacher salaries, and teacher sickness absence to national averages. The link is provided below: https://www.gov.uk/government/statistics/school-workforce-in-england-november-2015 **Priority: Medium**
Updated Management Response: Agreed.					

4	*Governance/ SFVS (continued).*				
4.3	When the Governors skills matrices are next completed, the School should determine what training should be provided to Governors to encourage further involvement and fulfilment of the 'critical friend' role. **Priority: Low**	Governing Body June 2016	**Agreed.**	**In progress** The January 2016 Governor Skills Matrix was reviewed. Data for four Governors has yet to be completed. Minutes do show that Governors of the AMC, Strategy Committee and Full Governing Body are questioning information provided to them by the School and have an understanding of the School's current and projected future financial position.	The Governor Skills Matrix should be completed with all Governors' data. This should be used to identify any training needs, and training planned accordingly. **Priority: Low**
Updated Management Response: Agreed. Governors and Clerk will complete at the start of the new academic year.					
4.6	It should be ensured that the 2015/16 School Financial Value Standard (SFVS) return is completed with full involvement of those with financial responsibility for the School. The LA Finance Team has issued guidance for schools on the completion of their SFVS, which the School may find useful for the completion of their 2015/16 return. **Priority: Medium**	Governing Body March 2016	**Agreed.** A plan for improving our response and involvement of the Asset Committee has already been agreed.	**In Progress** Minutes evidence it was the Business Manager and AMC's intention to complete the 2015/16 SFVS assessment in sections during meetings taking place from November 2015 to March 2016. However, this was not discussed again until January 2016, where it was decided that the Chair of AMC and Business Manager would meet to complete the assessment for the AMC to review. The completed assessment, supporting information and corrective action plan were provided to the AMC in time to review before the March 2016 meeting. Minutes of that meeting show that the SFVS was approved by the Committee. There is no evidence that the document was reviewed by the Full Governing Body and approved as required.	It should be ensured that if completion of the SFVS assessment has been delegated to the AMC, the Full Governing Body also review and approve the School's submission. The Full Governing Body should ensure that the actions in the corrective action plan have owners and deadlines. The Governors are responsible for monitoring the progress of these actions to ensure that they are cleared within specified deadlines. This can be delegated by the Full Governing Body to the AMC. **Priority: Medium**
Updated Management Response: Agreed. The first full governing body at the start of the new academic year will agree a process for future completion of SFVS assessments and where monitoring for required actions should take place.					

APPENDIX A

Standard Audit Opinions

The audit opinion is based on two different criteria the first is materiality of the system and its impact on the Council if there was a system failure. This has been split into High, Medium or Low.

The second criteria is the standard of control found within the system audited. This has been categorised into 4 different levels i.e. high; satisfactory; significant improvements required and fundamental weaknesses identified. Each of these categories has a standard opinion (see below).

The combination of these two factors gives an overall risk assessment to the Council of one of four scores i.e. significant, of concern, moderate or minimal (see Overall Opinion section in the main report).

Standard Audit Opinion System Control
Audit Opinion 1. *High standard* The auditor completing the review concluded the significant controls are in place and operating effectively and only minor recommendations have been made
Audit Opinion 2. *Satisfactory standard* The auditor completing the review concluded that most of the significant controls are in place and operating satisfactorily although some non-compliance was identified and therefore there is scope for improvement.
Audit Opinion 3. *Significant improvements required* The auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.
Audit Opinion 4. *Fundamental weaknesses identified* The auditor completing the review concluded that the matters arising from the review are sufficiently significant to place doubt on the reliability of the procedures reviewed. Implementation of the recommendations made is a priority to ensure that reliance can be placed on the system.

Acknowledgements

Internal Audit would like to acknowledge and thank the following Officers who contributed to the review:

Name	Job Title
Sue Banks	Isambard – Head Teacher
Robert Shorter	Isambard – Business Manager
Lara Knight	Isambard – Finance Officer
Mark Edwards	Isambard – Chair of Asset Management Committee
Simon Byford	SBC School Place Planning Information Manager