

# Swindon Borough Council

## Audit Committee

**Tuesday, 4 November 2014**

Committee Room 6, Civic Offices

**At 6.00 p.m.**

### **Conservative Councillors**

Steve Weisinger  
(Chair)  
Oliver Donachie  
Mark Edwards  
Nick Martin

### **Labour Councillors**

Steve Allsopp  
Neil Heavens  
Des Moffatt

**Committee Officer:** Steve Jones (01793 463602)

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**Access Arrangements** - The venue is wheelchair accessible and an infrared receiver hearing system is provided. If you have any special requirements to enable you to attend the meeting or would like to receive any of the pages contained in this agenda in a larger print size, please contact the Committee Officer as soon as possible prior to the date of the meeting.

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## **AGENDA**

### **1. Apologies for Absence**

### **2. Declarations of Interest**

Members are requested at the start of the meeting to declare any known interests in any matter to be considered, and are reminded that any such interest should also be declared at the start of an item or during any discussion of the matter concerned.

### **3. Public Question Time**

See explanatory note below. Please phone the Committee Officer whose name and number appears at the top of this agenda if you need further guidance).

### **4. Minutes (Pages 1 - 4)**

To receive the minutes of the meeting held on 16<sup>th</sup> September 2014

### **5. Corporate Risk Management Update HIA (Pages 5 - 12)**

### **6. Internal Audit reports identifying 'significant' risk or 'of concern': Isambard School HIA (Pages 13 - 62)**

7. **Internal Audit reports identifying 'significant' risk or 'of concern': Highways Asset Management HIA** (Pages 63 - 80)
8. **External Audit - Annual Audit Letter** (Pages 81 - 88)
9. **External Audit - Update** (Pages 89 - 102)
10. **Head of Internal Audit Update HIA** (Pages 103 - 114)

**Date of Despatch:** 27 October 2014

**Key:**

**Officers:**

HIA - Head of Internal Audit

**Public Question Time** - Swindon Borough Council remains committed to increasing its accountability to the public and to promoting active citizenship. 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from the public about the work of the Committee (except for confidential matters, and matters relating to planning and licensing applications). We will give priority to those who submit questions in writing at least two days before the meeting. Questions must be relevant, clear, and concise. You may not use Public Question Time as an opportunity to make speeches or statements.

Questions in writing should be sent to the Committee Officer whose contact details appear on the agenda above or to the Director of Law and Democratic Services, we will publish it, along with the answer, alongside the Minutes. The process associated with asking a public question is set out in the "Public Question Time at Council Meetings Protocol and Guidance" available on the Council's Website.

(<http://ww5.swindon.gov.uk/moderngov/ecCatDisplay.aspx?sch=doc&cat=13338&path=0>) or from the Committee Officer named above.

**The Audit Committee - Terms of Reference**

*(the complete terms of reference and programme of activity for the Audit Committee are set out in Minute 61 of the meeting of the Audit Sub-Committee held on 25 January 2006)*

To provide independent assurance to the Council on the following responsibilities:

- (i) the effectiveness of the Council's risk management, internal control and its overall assurance framework;
- (ii) the effectiveness of the Council's financial and non-financial performance to the extent that it might impact upon (i) above;
- (iii) the performance of the Council's Internal Audit section;
- (iv) the receipt and review of External Audit reports and liaison with external auditors on significant matters identified, and
- (v) advise upon and/or review the effectiveness of any other matters referred to the Audit Committee by the Cabinet, the Overview and Scrutiny and Regulatory Committees.

**AUDIT COMMITTEE**

**TUESDAY, 16 SEPTEMBER 2014**

PRESENT:- Councillors Steve Weisinger (Chair), Steve Allsopp, Oliver Donachie, Mark Edwards, Neil Heavens, Nick Martin and Des Moffatt

**16. Declarations of Interest**

The Chair reminded members of the need to declare known interests in any matters to be considered at the meeting. No declarations were made.

**17. Public Question Time**

There were no public questions.

**18. Minutes**

Resolved - That the minutes of the meeting held on 15<sup>th</sup> July 2014 be confirmed and signed.

**19. Final Annual Statement of Accounts 2013/14**

The Committee received a report introducing the Council's Annual Statement of Accounts for 2013/14 (attached to the report at Appendix 1). The Board Director Resources, with the Finance Manager, Housing, Treasury and Growth, presented the report, highlighting key areas of adjustment since the submission of the draft accounts to the Audit Committee meeting on 15 July 2014, including the inclusion of additional narrative requested by members on the material reasons for year-on-year variances in the main statements of the accounts, and a recommendation that the accounting policy for depreciation not being charged in the year of disposal be reversed. The report also advised that, in response to a request at its last meeting, central government had been contacted over members' concern about the complexity and accessibility of the statement of accounts and the Committee was invited to review the Council's proposed response to CIPFA consultation on simplifying the main performance statement of the accounts.

Following their presentation of the report, the Board Director and Finance Manager responded to members' specific queries and observations regarding the accounts.

Resolved – (1) That the report and the Annual Statement of Accounts 2013/14 (attached at Appendix 1 to the report), together with updates provided at the meeting, be noted.

(2) That the Annual Statement of Accounts 2013/14 be approved. That the recommended change to accounting policy for depreciation chargeable on asset disposals be also approved.

(3) That the draft response to the CIPFA consultation on simplifying the main performance statement of the accounts, set out in Appendix 2 to the report, be approved.

(4) That the Board Director Resources and Mr Darren Stevens, the Council's Finance Manager, Housing, Treasury and Growth, and his team, be thanked for

their hard work and diligence in compiling the Annual Statement of Accounts.

## **20. External Audit - Audit Findings**

The Committee received a report of the Council's External Auditors, Grant Thornton, highlighting the key matters arising from their audit of the Council's financial statements for the year ended 31 March 2014.

Liz Cave, Engagement Lead (Grant Thornton), introduced the report, taking the Committee through the external auditor's findings and responses in respect of matters and risks identified at the planning stage of the audit, and additional matters that arose during the course of the work, and also the adjustments to the financial statements arising from the audit work and findings in respect of internal controls. Ms Cave concluded her presentation by guiding members through the recommendations and proposed management responses set out in the Action Plan (attached to the report at Appendix A)

Resolved – (1) That the report be noted and that the External Auditors' intention to give unqualified opinions for the year ended 31 March 2014 on the Council's financial statements and its VFM conclusion in relation to the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014, be welcomed.

(2) That the Chair be authorised to sign the letter of representation provided by the external auditors in relation to the audit of the group financial statements of the Council and its subsidiary undertakings.

## **21. External Audit - Update**

Chris Hackett (Grant Thornton) presented a report advising the Committee of the External Auditors' progress, as at 8<sup>th</sup> September 2014, in respect of the delivery of their audit responsibilities. The report also included a summary of key emerging national issues and developments that might be of interest to the Committee.

Resolved – That the report and supporting papers be noted.

## **22. Annual Governance Statement**

Further to Minute 11, the Committee received the Annual Governance Statement 2013/14 for approval. It was noted that the draft Statement had been approved by the Committee at its meeting on 15<sup>th</sup> July 2014 and that no additional items for inclusion in the statement had been identified at that meeting or subsequently.

Resolved – That the Annual Governance Statement, appended to the report, be approved, to be signed off by the Leader of the Council and the Chief Executive.

## **23. Internal Audit Charter**

The Committee received a report of the Head of Internal Audit on the Council's Internal Audit Charter, required to ensure compliance with Public Sector internal Audit Standards (PSIAS).

Resolved – That the Internal Audit Charter, appended to the report, be

approved.

**24.**

#### **Head of Internal Audit Update**

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee meeting in July 2014 and progress made against the Annual Internal Audit Plan.

Resolved – (1) That the report be noted.

(2) That the Oracle System Control and Integrity audit report, categorised as having an overall risk evaluation of “Of Concern”, be submitted for consideration at the meeting of the Committee to be held in November 2014.

(3) That the Head of Internal Audit liaise with the Chair regarding the outcome of pending audits and that the Chair determine which, if any, of these should be reported to the September meeting for consideration.

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## Corporate Risk Management Update

**Audit Committee**

**Date: 4th November 2014**

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Author: Corporate Risk Manager

Wards: All

Locality Affected: All

Parishes Affected: All

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### **1. Purpose and Reasons**

- 1.1 To present Audit Committee with a summary report on Risk Management activity within Swindon Borough Council, with the latest Corporate Risk Register.
- 1.2 Audit Committee provides independent assurance to the Council on the effectiveness of the Council's Risk Management, Internal Control and its overall assurance framework. This report summarises the areas which the Committee may wish to consider in gathering this assurance and provides a basis for discussion.

### **2. Recommendations**

The Committee is recommended to:

- 2.1 Discuss and gain assurance on the corporate risk management approach and processes and risks captured in the Corporate Risk Register.

### **3. Detail – Risk Management**

#### **3.1 Corporate Risk Register**

The Corporate Risk Register is updated and agreed quarterly with Corporate Board Members. It reflects current and emerging strategic risks from across the organisation. Mitigating actions are actively monitored for implementation and effectiveness as part of this process.

Formal risk documentation is in place at, Corporate, Pillar and Transformation Programme/project levels and risks are escalated up through the organisation. Significant delivery partner/contractor risk registers are also in place and monitored.

Two new risks have come on the Corporate Risk Register recently, the Management of the Waterside Depot and the Medium to Long Term Sustainability of Swindon. Both these risks were escalated through the organisation.

The Corporate Risk Register is provided at Appendix 1 and includes the respective triggers, current controls and mitigating actions for each risk entry.

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Further information on the subject of this report can be obtained from Alex Bedford, 01793 464354, [abedford@swindon.gov.uk](mailto:abedford@swindon.gov.uk).

# Corporate Risk Management Update

**Audit Committee**

**Date: 4th November 2014**

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## 3.2 Development of Risk Management

Over the last 6 to 12 months Swindon Borough Council has self-assessed its level of risk management maturity as improving from Level 2 - 'Happening' to Level 3 - 'Working' against the 5 levels of the ALARM National Performance Model Assessment Framework. This achieved the developmental performance target set by Board in 2013.

Following on from this self-assessment, we participated in a national CIPFA benchmarking exercise using the same Model, the results of which confirmed that our current level of risk management maturity is Level 3 - 'Working'

A summary of activity during the last twelve months and how it has helped Swindon Borough Council move forward through this improvement is outlined below.

- There has been significant focus ensuring risk registers / risk documentation and review processes are in place for the Council's strategically significant areas, particularly Pillars and partnerships. This work is still ongoing but it has led to better and more focused risk conversations within those areas that have fully engaged. It has also provided a strongly evidence "golden thread" for the corporate risks.
- There has been a strong emphasis on the importance of risk management at Corporate Board, sponsored by the Chief Executive. This has led to significant improvement in Board engagement with risk management both with the Corporate Risk Register and with risk management in their areas of responsibility.
- There has been Quality Assurance work carried out on the Corporate Risk Register. This has led to a much sharper articulation of the corporate risks and their root causes which should in turn lead to better mitigation. This work is being replicated at Pillar level where the evidence base behind risk management activity is much improved.
- Work has been visibly undertaken in Service Delivery and Commissioning Leadership Teams to revitalise risk management processes to ensure they are useful. This has led to better risk conversations, actively managing identified high risks. As part of the upcoming business planning processes there will be more focus on the identification of risks and the Corporate Risk Manager will be working with all areas to ensure this is efficient and effective.

## 3.3 Risk Management Strategy

Corporate Board Risk Management Spotlight Sessions take place quarterly both to discuss corporate risks and to discuss and apply best practice and guidance to implement the Risk Management Strategy. The Strategy itself is to be reviewed over the next two months to ensure it continues to reflect the changing

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Further information on the subject of this report can be obtained from Alex Bedford, 01793 464354, [abedford@swindon.gov.uk](mailto:abedford@swindon.gov.uk).



# Corporate Risk Management Update

**Audit Committee**

**Date: 4th November 2014**

environment in which the Council is operating, agreed organisational priorities and strategies and the change in organisational structures.

## 4. Detail - Insurance

4.1 A summary of insurance claims since April 2011 is set out below.

	April 2011 to March 2012		April 2012 to March 2013		April 2013 to March 2014	
	Claims	Cost £'s	Claims	Cost £'s	Claims	Cost £'s
<b>Employers Liability</b>	8	£ 58,497	10	£ 25,398	6	£ 45,933
<b>Motor</b>	1	£ 1,955	4	£ 3,921	42	£ 36,250
<b>Property</b>	38	£ 95,649	15	£ 61,757	17	£ 54,871
<b>Public Liability</b>	151	£ 748,057	149	£ 461,635	242	£ 601,290
<b>Total</b>	<b>198</b>	<b>£ 904,158</b>	<b>178</b>	<b>£ 552,711</b>	<b>307</b>	<b>£ 738,345</b>

Note - The above claims figures are the latest available as at 30th September 2014. The next period figures will be compiled in November 2014.

- 4.2 Numbers for both public liability and motor claims have increased in the last financial year. The increase in motor claims was anticipated due to the reintegration of Swindon Commercial Services. The Insurance Manager is currently undertaking some work relating to motor incidents with a view to reducing the number of claims.
- 4.3 The increase in public liability claims is mostly due to claims relating to either tyre damage from potholes on roads, or slips and trips on the pavement. There were a few locations over the winter period where the same pothole caused damage to several vehicles. Furthermore, it has been identified that some injury claims on the highways have been settled, as repairs were not completed within the specified timescale. As above, the Insurance Manager is liaising with the appropriate highways contacts to further manage this risk.

## 5. Detail - Business Continuity Management

- 5.1 The impact of an influenza outbreak on the vulnerable people the Council cares for and the provision of service has been recognised. A seasonal flu vaccination programme was authorised and carried out in autumn 2011 and this programme helped to reduce staff sickness in the Council by 371.5 days in the period September 2011 to end August 2012. The effect of this has been to increase service resilience against a flu outbreak, and reduce the risk to vulnerable service users. The seasonal flu vaccination programme has been carried out every year since. The programme this year commences in October and will continue to at least mid-November. The Head of Civil Protection Unit together with Corporate

Further information on the subject of this report can be obtained from Alex Bedford, 01793 464354, [abedford@swindon.gov.uk](mailto:abedford@swindon.gov.uk).

# Corporate Risk Management Update

**Audit Committee**

**Date: 4th November 2014**

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Health and Safety provide essential support to the delivery of the vaccination programme.

- 5.2 Business continuity enabled areas to manage the scheduled power down of the Server Room over the weekend of 23<sup>rd</sup> and 24<sup>th</sup> November 2013. This was the second shutdown of a project that enabled the server room wiring, electrical supply generator and uninterrupted power supply to be replaced or serviced. During the shutdowns the Council invoked business continuity measures to ensure that it could continue to provide key services.
- 5.3 Cross-border work and benchmarking has been and continues to be carried out with other authorities that include, Oxfordshire, Wiltshire, Bristol, Devon and Cornwall.
- 5.3 Under the Civil Contingencies Act 2004, the Council's duty as a Category One Responder to promote business continuity and provide advice to business and voluntary sectors has been carried out. As the hotel sector is an important facet of the Swindon economy, regular meetings have been held with members of the Hoteliers Association and the Chamber of Commerce during which business continuity and emergency planning advice has been given.
- 5.4 A new "Swindon Safer and Resilient Hotels Programme" was developed and implemented in conjunction with the Holiday Inn Express Swindon Centre to train their staff to be able to handle the various risks faced by the Hotel. This training was supported by colleagues from the Police and the Fire and Rescue Service. The Holiday Inn Express Swindon Centre won the Intercontinental Hotels Group Europe "Award for Innovation in Training 2013" for this training programme.

## **6 Detail - Civil Protection**

- 6.1 Re-organisation and Current Status - As a result of re-organisation within the Council the Civil Protection Unit has now moved to Public Health under Commissioning. This has been a seamless transition and given the health nature of most emergencies makes practical sense. A report has recently been submitted to and agreed by Corporate Board with recommendations to make the Council more resilient out- of - hours at a tactical level. This will involve Tier 2 level officers being on an on call rota and receiving enhanced training to enable them to do this.
- 6.2 Pathfinder Project - The Swindon Project aims to develop a community - led approach to flood resilience through education. The Council (as the Lead Authority) submitted a successful bid for Defra funding in excess of £278,000 in 2013. This is being used to fund a two year pilot project in the East Locality of Swindon where "Resilience through Education" is the strap line. The Defra project criteria required the work to be carried out in an area with a high

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Further information on the subject of this report can be obtained from Alex Bedford, 01793 464354, [abedford@swindon.gov.uk](mailto:abedford@swindon.gov.uk).

# Corporate Risk Management Update

**Audit Committee**

**Date: 4th November 2014**

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deprivation index as well as susceptibility to flooding and the East Locality East was the area in the Borough of Swindon that best matched this criteria. The project has now been running successfully for eighteen months of the two years.

As a key benefit of the work package, “Communities Awareness and Understanding of Flooding”, recognition has increased considerably. An educational DVD and an e-learning package are close to being finalised. It is intended that these educational tools will be distributed to residents in the project area. Research and preparation for a flood fair in February 2015 is well under way. The event will showcase the project to the public, schools, and flood risk management partners as well as providing general flood prevention advice.

Three ‘flood action groups’ have been established in the East Locality together with a very successful Junior Flood Champions Group which has been set up at the Dorcan Academy.

- 6.3 Incidents – The current public health emergency of international significance, namely Ebola, is very much in the forefront of emergency planning. Strategic planning meetings and exercises are currently taking place with partner agencies.

The Civil Protection Unit has been involved in many incidents throughout the past year from flooding over the winter months to the more recent fire at the Averies site in Marshgate. Whilst debriefs and reports are being prepared into the handling of the latter it is inappropriate at this time to go into too much detail other than to say that the Civil Protection Unit were involved throughout at every level of command and control.

- 6.4 Training/Exercising – The past year has been a busy one in respect of training and exercising. The Unit was involved in the planning and delivery of a multi-agency exercise, “Exercise Bustard” held in the Civic Offices. This was a follow up exercise to “Ex Red Kite” which was held in the previous year. Key members at strategic, tactical, operational and business continuity levels took part in this exercise which was held on the 3rd February. “Exercise Bustard” was designed to test the Council’s response and recovery from a reservoir failure at Coate Water together with the site specific plans.

Other key personnel within the Council have been trained in Integrated Emergency Management at both the tactical and operational levels and joint multi-agency strategic/tactical training is scheduled for later this year.

Further extensive training will be rolled out in 2015 to enhance the Council’s resilience in dealing with emergencies. The Unit is looking at cost effective ways of delivering training through the Local Resilience Forum and other regional initiatives as well as in house training. An example of the latter will be the delivery

# Corporate Risk Management Update

**Audit Committee**

**Date: 4th November 2014**

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of training by the Emergency Planning College in respect of the running of an emergency operation centre.

- 6.5 Winter Resilience - The Unit in conjunction with the Business Continuity Manager and health partners is looking at providing winter resilience which will include mitigating the effects of the following:

- severe weather outbreaks
- industrial action
- flu
- staff shortages.

## **7. Alternative Options**

- 7.1 Not applicable, the report outlines key risk management activity carried out to deliver the objectives of the Risk Management Strategy.

## **8. Implications, Diversity Impact Assessment and Risk Management**

### Financial and Procurement Implications

- 8.1 The risk management budget supports funding for delivering the risk management strategy. General risk management related costs to be absorbed by existing budgets.

### Legal and Human Rights Implications

- 8.2 As part of the Accounts and Audit regulations 2006, it is a statutory requirement that the Council maintains a robust, adequate and effective system of Risk Management in the delivery of its core services.
- 8.3 The Civil Contingencies Act 2004 imposes duties on the Council to meet its responsibilities as a Category 1 responder, which as a public sector organisation has a key role to play in the response to and management of an emergency.

### Links to One Swindon, Strategic Objectives, Plans and Policies

- 8.4 The Risk Management Strategy and the Corporate Risk Register are management processes that support the successful delivery of the One Swindon outcomes and the Strategic Objectives, Plans and Policies.

### Diversity Impact Assessment

- 8.5 A Diversity Impact Assessment has not been completed for this report, as it is a summary of actions taken. Where applicable, Diversity Impact Assessments have been undertaken which cover the following component actions of the report and these are held in the responsible service areas.

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Further information on the subject of this report can be obtained from Alex Bedford, 01793 464354, [abedford@swindon.gov.uk](mailto:abedford@swindon.gov.uk).

# Corporate Risk Management Update

**Audit Committee**

**Date: 4th November 2014**

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## Risk Management

- 8.6 A Risk Assessment has not been completed for this report as it is a summary of risk management activity overall. The Corporate Risk Register is the corporate assessment of key risks facing the Council at this time.

## **9. Consultees**

- 9.1 The Board Director Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 9.2 The Chief Executive, Head of Internal Audit, Insurance Manager, Business Continuity Manager and Head of Civil Contingencies were also consulted in respect of this report.

## **10. Background Papers**

- 10.1 None

## **11. Appendices**

- 11.1 Appendix 1 – Corporate Risk Register October 2014 (*To follow*)

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**Internal Audit reports identifying ‘significant’ risk or ‘of concern’:  
Isambard School**

**Audit Committee**

**Date: 4<sup>th</sup> November 2014**

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Author: Head of Internal Audit

Wards: None

Locality Affected: None

Parishes Affected: None

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**1. Purpose and Reasons**

- 1.1 Members requested that at least one individual audit report be presented to each meeting of the Committee. Since the last meeting of the Committee an Internal Audit report on Isambard School has been issued that identified fundamental weaknesses in systems resulting in a potentially significant risk to the Council.
- 1.2 The Council’s Audit Committee has a strategic role to ensure that the Council’s assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating effectively.

**2. Recommendations**

- 2.1 It is recommended that the contents of the report be noted.

**3. Detail**

Background

- 3.1 Isambard Community School is one of two secondary schools serving the Northern Sector of Swindon. With approximately 1,140 pupils on roll, it is a PFI school using a shared site with three other schools, two of which are special schools.
- 3.2 The School is currently facing a number of significant changes which will have an influence on how the School operates going forward. These include a change of Head Teacher and Business Manager, falling pupil numbers, falling academic standards, a predicted budget deficit in 2016/17 of £750,000 and the desire to convert to an academy.
- 3.3 A review of the financial procedures operating at Isambard School was completed by Internal Audit. The review was initiated following:
- the announced departure of the Head Teacher
  - the recent departure of the previous Business Manager
  - a significant and unpredicted year end surplus of £657,000; and the submission of the School’s three-year budget that indicated a potential budget deficit of £750,000 by 2016/17.

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Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk).

## **Internal Audit reports identifying ‘significant’ risk or ‘of concern’: Isambard School**

**Audit Committee**

**Date: 4<sup>th</sup> November 2014**

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### Key Findings

3.4 The key findings from the report are as follows:

- The audit review found that the School’s three-year financial plan, used for Financial Planning, Budgetary Control and Budget Setting, was not based on robust information and had resulted in inaccurate budgets being set. Significantly, budgets were not supported by an up-to-date staffing review or School Development and IT Development Plans. As a result Internal Audit have been unable to confirm that effective financial management is in place to enable the School to optimise their use of resources to provide high-quality teaching and learning, and so raise standards and attainment for its pupils.
- A review of the Finance / Asset Management Committee minutes identified that Governors undertook Budget Monitoring only three times during the last financial year, with the first indications that a significant surplus was being generated being reported only one month before year end. Minutes show that the then Business Manager informed the Governors that the School had permission from the Local Authority to exceed the normal rollover limits allowed for maintained schools, when such authorisation had not been given. There was no evidence of challenge from Governors on how the rollover had arisen or on any discussion and agreement on exactly what it would be used for in later years.
- It has not been possible to confirm that the Governing Body is fulfilling its statutory responsibilities. A review of the governance arrangements conducted by the Council’s Governors Support section in March 2014 raised a number of the issues found in this audit. However, action has not been taken to implement recommendations made to improve governance arrangements.
- Examination of the School’s governance procedures identified that the School’s Financial Value Statement had been prepared by the previous Business Manager and issued to all Governors for comment/challenge prior to sign off by the Chair of Governors. The self-assessment did not correlate with the findings from this Internal Audit review, in some cases there were significant differences.
- Meeting minutes show there is a general lack of challenge and discussion on financial matters by Governors and critically, some key financial decisions were not recorded in the minutes of Governors meetings, including the approval of the budget at the Full Governing Body meeting. Decisions were also made via email outside of the meeting cycle but not subsequently recorded in any minutes.
- In summary, the Internal Audit review identified a number of fundamental control weaknesses that jeopardise financial stability and performance at the

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Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk).



## **Internal Audit reports identifying ‘significant’ risk or ‘of concern’: Isambard School**

**Audit Committee**

**Date: 4<sup>th</sup> November 2014**

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School. The School and Governing Body now need to urgently address the issues raised in the action plan at the end of this report. Working in conjunction with Governor Support and the Local Authority, the School's Financial Planning, Budget Management and Governance procedures must be improved significantly to ensure resources can be managed effectively in driving school improvement and financial stability going forward.

- 3.5 The Internal Audit report (issued on 15<sup>th</sup> September 2014) is attached as Appendix 1 to this report.
- 3.6 The Head of Finance: Education and Innovation has provided an update (see Appendix 2) following further visits to the school.
- 3.7 The Head Teacher and the current Business Manager, Isambard School, along with the Council's Head of Commissioning: Economy /Attainment will also be attending Audit Committee to answer any questions that Members may have.

#### **4. Alternative Options**

- 4.1 Not Applicable

#### **5. Implications, Diversity Impact Assessment and Risk Management**

##### Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report however the detailed audit report addresses the suitability of internal controls within the systems examined

##### Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2011. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

##### All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None

##### Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.4 Effective systems of internal control within the Council will help to ensure that the Council's corporate objectives and those set out in One Swindon are achieved.

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Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk).

## Internal Audit reports identifying 'significant' risk or 'of concern': Isambard School

**Audit Committee**

**Date: 4<sup>th</sup> November 2014**

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### Diversity Impact Assessment

5.5 Not Applicable

### Risk Management

5.6 Not applicable

## **6. Consultees**

6.1 The Board Director: Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

## **7. Background Papers**

7.1 None

## **8. Appendices**

8.1 Appendix 1 – Internal Audit report: *Isambard School* (Oct 2014)

8.2 Appendix 2 – Head of Finance (Education and Innovation) update



# Isambard Community School October 2014 Final Report

## Swindon Internal Audit Services: Isambard Community School 2014

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A – Audit findings from a review of the School's SFVS Self-Assessment
B – Standard Audit Opinion
C – Acknowledgements

#### Report Distribution – Revised Report issued on 16<sup>th</sup> September 2014 to:

Sue Banks	Headteacher
Kevin Gray	Chair of Governors
Robert Shorter	Business Manager
Gill Ilic	Commissioner – Education
Steve Haley	Head of Finance - Education & Innovation

#### Auditors:

Karl Read	Senior Auditor
Marianne Packwood	Audit Assistant

## Executive Summary

### Background

A review of the financial procedures operating at Isambard Community School was completed as part of the planned programme of work, undertaken by Internal Audit, on behalf of the Head of Commissioning – Economy/Attainment. The review was initiated in response to the announced departure of the existing Headteacher, the recent departure of the previous Business Manager, a significant and unpredicted year end surplus of £657,000, and the submission of the Schools three-year budget plan that indicated a potential budget deficit of £757,000 by 2016/17.

The key objectives of this review were to ensure:

- Governance arrangements are adequate.
- Financial planning and budgetary control is adequately and accurately administered.
- Segregation of duties is in place for cash collection and other financial procedures.

### Audit Opinion

**Overall Opinion on system controls:** 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. As a result, an audit opinion of '**Fundamental weaknesses identified**' 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 **significant**.

## Key Messages

Isambard Community School is one of two secondary schools serving the Northern Sector of Swindon. With approximately 1,140 pupils on roll, it is a PFI school using a shared site with three other schools, two of which are special schools. The School is currently facing a number of significant changes which will have an influence on how the School operates going forward. These include a change of Headteacher and Business Manager, falling pupil numbers, falling academic standards, a predicted budget deficit in 2016/17 of £757,000 and the desire to convert to an academy.

The audit review found that the School's three-year financial plan, used for Financial Planning, Budgetary Control and Budget Setting, was not based on robust information and had resulted in inaccurate budgets being set. Significantly, budgets were not supported by an up-to-date staffing review or School Development and IT Development Plans. As a result we have been unable to confirm that effective financial management is in place to enable the School to optimise their use of resources to provide high-quality teaching and learning, and so raise standards and attainment for its pupils.

A review of the Finance / Asset Management Committee minutes identified that Governors undertook Budget Monitoring only three times during the last financial year, with the first indications that a significant surplus was being generated being reported one month before year end. Minutes show that the then Business Manager informed the Governors that the School had permission from the LA to exceed the normal rollover limits allowed for maintained schools, when such authorisation had not been given. There was no evidence of challenge from Governors on how the rollover had arisen or on any discussion and agreement on exactly what it would be used for in later years.

It has not been possible to confirm that the Governing Body is fulfilling its statutory responsibilities. A review of the governance arrangements conducted by the Council's Governors Support section in March 2014 raised a number of the issues found in this audit, however action has not been taken to implement recommendations made to improve governance arrangements.

Examination of the School's governance procedures identified that the School's Financial Value Statement had been prepared by the previous Business Manager and issued to all Governors for comment/challenge prior to sign off by the Chair of Governors. The self-assessment did not correlate with the findings from this audit review, in some cases there were significant differences. Meeting minutes show there is a general lack of challenge and discussion on financial matters by Governors and critically, some key financial decisions were not recorded in the minutes of Governors meetings, including the approval of the budget at the Full Governing Body meeting. Decisions were also made via email outside of the meeting cycle but not subsequently recorded in any minutes.

In summary, the audit review identified a number of fundamental control weaknesses that jeopardise financial stability and performance at the School. The School and Governing Body now need to urgently address the issues raised in the action plan at

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the end of this report. Working in conjunction with Governor Support and the Local Authority, the School's Financial Planning, Budget Management and Governance procedures must be improved significantly to ensure resources can be managed effectively in driving school improvement and financial stability going forward.

The table below summarises the risk areas examined during the review and provides an assessment of the adequacy of the mitigating controls in place for each area of risk examined (see also Appendix B):

Risk Area Examined	Audit Conclusion re. mitigating controls
Financial Planning and Budgetary Control	Fundamental weaknesses identified
Budget Setting	Fundamental weaknesses identified
Budget Monitoring	Significant improvement required
Cash/ Segregation of Duties	Satisfactory
Governance/ SFVS	Fundamental weaknesses identified

## Overall Opinion

**Materiality and Impact: High.** Isambard Community School has a budget for 2014/15 of just over £6 million comprised of predominantly Local Authority budget share offset by a substantial surplus rolled forward from 2013/14. 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.

**Changes since the last audit:** Since the last audit of the School in 2011/12, there have been some significant developments that will impact the School in the coming years. These include changes within the School's Senior Leadership Team, including the departure of the Headteacher and the recent change in the Business Manager. The School's progress towards becoming an Academy has been stalled due to technical/legal issues, educational standards have fallen and there has been a reduction in pupil numbers which is likely to continue for the next few years. The School are expecting an Ofsted inspection in the near future.

**Opinion on system controls: Fundamental weaknesses identified** (see Appendix B) i.e. 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.

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**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 **significant**:

		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



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## Action Plan

The purpose of this action plan is to provide a summary of the matters arising during the audit of Isambard Community School, together with the recommendations to mitigate risks and the School's response to the recommendations, along with the officer responsible and timescale for implementation. In order for you to identify the most significant matters arising, which affect the reliance that can be placed on the controls reviewed, the recommendations have been prioritised.

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>1</b>	<b><i>Financial Planning - To ensure that financial planning is based on accurate and complete information and is aligned to the school's future plans.</i></b>			
1.1	<p>The latest three-year budget plan for 2014/15 to 2016/17, approved by the Finance / Asset Management Committee in May 2014, was examined. This shows the School are predicting a deficit of £757,000 by 2016/17.</p> <p>Governors were informed that the plan assumed a constant staffing level, whilst pupil numbers were falling. No alternative three-year plan was presented to give Governors a broader understanding of the options available to address the deficit. Consequently, the plan was approved and there is no evidence of any further discussion on the future financial position of the School.</p> <p>Since the audit visit, a task group has been established by the Local Authority, one of its aims is to support the School in ensuring accurate financial information is produced to allow informed decision making. The School's three-year plan has now been remodelled and progress has been made in reducing the predicted deficit.</p>	<p>Schools are required by the LA to set balanced budgets each financial year. The School should therefore prepare a plan that demonstrates how any predicted future deficit will be addressed.</p> <p>The revised three-year budget plan should be based on the most up-to-date and accurate financial information available.</p> <p>Any assumptions made in preparing the three-year budget plan must be documented and justified, with modelling of the budget to demonstrate the impact of any such assumptions on future balances.</p> <p>The revised three-year plan should be presented to Governors for consideration and approval.</p> <p><b>Priority: High</b></p>	<p>Headteacher</p> <p>January 2015</p>	<p>Agreed</p> <p>A whole school review is underway in order to address the predicted deficit and the school's academic achievement. This review will look at the curriculum, staffing both teaching and non-teaching and the school development plan (SDP). The Board of Governors will be involved in all stages of the plan and a task force has been set up with the LA to monitor progress.</p> <p>Timetable:</p> <ul style="list-style-type: none"> <li>• SDP - end September</li> <li>• Curriculum Review - end October</li> <li>• Staffing Review - end November</li> <li>• Plan Agreed - mid January</li> </ul>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>1</b>	<b>Financial Planning - To ensure that financial planning is based on accurate and complete information and is aligned to the school's future plans.</b>			
1.2	<p>The three-year budget plan examined for 2014/15 to 2016/17 assumes a higher level of pupil numbers than that estimated by the LA. The Headteacher explained that the School were working with their feeder schools to encourage increased applications and consequently, while they are predicting a reduction in pupils, it is not to the same level as that predicted by the LA.</p> <p>Any change in the numbers of pupils has a direct impact on the level of funding received by the School as well as the level of staffing required. There is a risk therefore, that if pupil numbers are overstated, actual income received could be significantly less than in the budget model requiring budget reductions in expenditure in order to balance the budget.</p>	<p>The School should outline what action it is taking in order to increase the number of pupils registering with the School, along with the expected effect this will have on pupil numbers.</p> <p>Any assumptions made by the School in terms of future pupil numbers should be clearly reported to Governors, including an explanation if they differ from LA predictions, to facilitate challenge and highlight the implications of such predictions on future school funding.</p> <p><b>Priority: Medium</b></p>	<p>Headteacher</p> <p>November 2014</p>	<p>Agreed</p> <p>A task force has been set up with the remit to develop and implement plans to make Isambard the school of choice for local primaries and local parents. The first meeting is planned for mid-October.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>1</b>	<b>Financial Planning - To ensure that financial planning is based on accurate and complete information and is aligned to the school's future plans.</b>			
1.3	<p>The School have not conducted a comprehensive review of the staffing structure as part of the budget setting process.</p> <p>Feedback from the Headteacher, and the minutes of the Finance / Asset Management Committee, confirmed that the three-year budget plan was based on a constant staffing level that did not reflect the reducing pupil numbers and income over the next few years.</p> <p>The Headteacher stated that, as they have done in previous years, the School would manage the staffing budget and as a result it is anticipated that their predicted deficit would be significantly less than had just been reported to the LA.</p> <p>There is no clear plan on how this will be achieved.</p> <p>It should be noted that previous year's year end reports do show significant underspends on staffing of £185,000 in 2013/14 and £179,000 in 2012/13.</p> <p>There is a risk that by overstating budgets, decisions may be made by Governors that may be unnecessary and could jeopardise other activities in the School.</p>	<p>A full review of the staffing structure and staffing requirements at the School should be conducted to ensure it matches, as closely as possible, the current and future needs of the school which should result in best value being secured for the school.</p> <p>This should be conducted as part of the process to revise the three-year budget plan.</p> <p>The staffing review and its impact in terms of both cost and school improvement should be discussed with Governors and formally approved.</p> <p><b>Priority: High</b></p>	<p>Headteacher</p> <p>December 2014</p>	<p>Agreed</p> <p>See 1.1</p> <p>Any school vacancies will be reviewed in detail before recruitment is started. Any staff reductions that are identified before the end of the school year will be progressed in a timely manner. Governors and the LA will be involved in the process.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>1</b>	<b><i>Financial Planning - To ensure that financial planning is based on accurate and complete information and is aligned to the school's future plans.</i></b>			
1.4	<p>The School Development Plan (SDP) for 2012-2014 provided to the Auditor was out-of-date, with no link to recent School developments, such as the review on the governance arrangements and previous exam results. Very few objectives had budgets allocated to them and there was no indication of which elements of the plan had been completed or were in progress.</p> <p>Governor meeting minutes did not provide any evidence of follow-up and review of SDP action points and the SDP was not a standing agenda item at Governor meetings.</p> <p>Consequently, there is no framework within which the School can monitor, evaluate and improve the nature and quality of its curricular and other provision, and the standards achieved by its pupils. Given the current challenges faced by the School in terms of standards, reducing pupil numbers and budget pressures, the SDP did not promote team-work to plan for and implement change for improvement.</p>	<p>The School should urgently review and revise their SDP to address the strategic challenges they face over the coming year and ensure that financial decisions are always made in the context of their plans to improve education outcomes, and equally that their education objectives are costed and regularly reviewed alongside the budget.</p> <p>Objectives within the plan should be costed and linked to the budget wherever practicable, i.e. costs for support for the Senior Leadership Team, mentoring etc.</p> <p>The SDP should be a standing agenda item on committee meetings, encouraging regular monitoring and challenge on the progress made in its implementation.</p> <p>Governors should be presented with monitoring information summarising progress made in delivering SDP objectives.</p> <p>Monitoring of the SDP should include a year-end summary showing what was delivered /achieved and what was not completed that may need to be carried over to the following year.</p> <p><b>Priority: High</b></p>	<p>Headteacher</p> <p>October 2014</p>	<p>Agreed</p> <p>SDP for 2014/15 has been produced based on an evaluation of 2013/14. The SDP is being reviewed as part of the whole school review (see 1.1). It will be fully costed and reviewed by the School's Senior Leadership Team to monitor both financial integrity and objective progress.</p> <p>The SDP will be reviewed as a standing item at all Governor committee meetings as appropriate</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>1</b>	<b>Financial Planning - To ensure that financial planning is based on accurate and complete information and is aligned to the school's future plans.</b>			
1.5	<p>The Auditor was provided with a copy of the IT Development Spending Plan for 2013-2016 which was a working document detailing the IT equipment that needed replacing and its cost over the next few years.</p> <p>The plan did not appear to have been discussed and agreed with Governors and its associated costs were not clearly allocated in the School's Budget plan.</p> <p>For example, hardware costs of £200,000 estimated over the next three years far exceed the £100,000 allowed for in the current budget.</p> <p>It was noted, from other documentation reviewed during the audit, that the replacement of some equipment had been delayed due to budget pressures facing the IT department, at a time when the School was carrying a surplus of over £600,000.</p> <p>There is a risk that without accounting for such expenditure from a specific and dedicated budget, the replacement of future IT equipment could be jeopardised, effecting standards in the School.</p>	<p>The IT Development Plan should be prepared, reviewed and updated alongside the School Development Plan to ensure that it is aligned to the overarching priorities of the School and to inform the financial planning and budget setting process.</p> <p>Given the size of the IT Development Plan, this should feature on the Finance / Asset Management Committee meetings as a separate agenda item where the progress in its implementation can be monitored by Governors.</p> <p>The IT Development Plan should be set out in financial years so that costs can be linked to the School's three-year budget plan.</p> <p>Items that need replacing but which are not funded in each financial year can then be rolled forward to ensure that they can be considered the following year.</p> <p>The IT Development plan should also include some assessment of the impact it will have on teaching and standards at the School to ensure informed decisions can be made on which projects should go ahead.</p> <p><b>Priority: High</b></p>	<p>Headteacher</p> <p>October 2014</p>	<p>Agreed</p> <p>Future IT plans will form part of the SDP and will be reviewed as suggested.</p> <p>The plan will be an agenda item on the Finance/ Asset Management meeting and will be reviewed and amended as appropriate to ensure school budgets reflect the real IT needs of the School.</p>



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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>1</b>	<b><i>Financial Planning - To ensure that financial planning is based on accurate and complete information and is aligned to the school's future plans.</i></b>			
1.6	<p>The frequency of the Finance / Asset Management Committee meetings is insufficient. Budget monitoring was only discussed by Governors at the Finance / Asset Management Committee three times over the course of the year.</p> <p>The review of the budget monitoring information provided to Governors identified that, in October 2013, the surplus predicted was £281,000. However, by February 2014, this had risen to £600,000. At this meeting, the former Business Manager highlighted that the increasing rollover was to be used to support the School over the next three years to minimise the need for redundancies.</p> <p>However, no detailed explanation was provided to Governors on how the rollover had doubled from £281,000 to £600,000 in four months and it is not clear to what extent this surplus was planned.</p> <p>Minutes indicated little challenge from Governors on the reasons for this dramatic increase in surpluses or discussion over how it will be used.</p> <p>However, although some individual budget variations were explained by the Business</p>	<p>Monitoring information should be provided to Governors regularly throughout the year and expanded to highlight any variances above an agreed limit determined by Governors.</p> <p>Governors should be provided with a breakdown of the projected year end balances at each Finance / Asset Management Committee and alerted to significant variations in a timely manner.</p> <p>Information given to the Governing Body should include the expected size of any variance, a narrative covering the reasons for it and options for any action that could or should be taken to bring the budget back on track.</p> <p>Where a surplus is deliberately being accumulated by the School, in agreement with the Governors, there should be a clear and documented plan explaining how this money will be accumulated and used.</p> <p>Any build up in surpluses in excess of the limits agreed for secondary schools at School's Forum should be identified promptly and reported to Governors for</p>	<p>Headteacher</p> <p>October 2014 &amp; ongoing</p>	<p>Agreed</p> <p>The Finance/Asset Management Meeting is now timetabled to meet five times in the School year with the full Governing Body meeting to agree the budget.</p> <p>Budget reporting will be as prescribed with variances explained and actions agreed, as required.</p> <p>Any future surplus will be fully documented and included in the meeting minutes.</p> <p>Bespoke financial training was provided to Governors by the LA at the end of September and will be discussed at the next meeting of the Finance/Asset Meeting.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
	<p>Manager, many were not and Governors did not challenge the monitoring information provided to understand how the surplus had increased so significantly during the year. By year-end the actual surplus had reached £667,000.</p> <p>The inability to make accurate year-end balance predictions is an example of poor financial management indicating training or capability issues.</p> <p>There is a risk that opportunities to utilise School resources in innovative ways to improve School performance may be missed if such resources are not brought to the attention of Governors at the earliest opportunity.</p>	<p>approval.</p> <p>Training should be provided to Governors to allow them to challenge the School on the reasons for any significant variances, the impact these have on standards at the School and how such balances could be used.</p> <p><b>Priority: High</b></p>		

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>1</b>	<b><i>Financial Planning - To ensure that financial planning is based on accurate and complete information and is aligned to the school's future plans.</i></b>			
1.7	<p>At the February 2014 meeting of the Finance / Asset Management Committee, the Governors asked if it was acceptable to carry over the rollover of what was at that time £600,000.</p> <p>Minutes from that meeting show that the previous Business Manager advised that many schools were making redundancies and that Isambard intended to roll over this surplus to minimise the need for redundancies until student numbers started to pick up again.</p> <p>Governors were also advised by the previous Business Manager that "SBC were aware of the present position and were happy with funds being held for this purpose".</p> <p>However, the Auditor confirmed with the Head of Finance – Education and Innovation that the School had not asked for support and the LA had not given authorisation for the School to build up a surplus to these levels and would not support this, especially in light of falling standards.</p> <p>The Business Manager is no longer employed at the School so it is not possible to establish why the Governors were given incorrect information, however it should be noted that this may have had a significant effect on their decision making.</p>	<p>Governors should be provided with the Local Authority guidelines regarding financial rollovers.</p> <p>Where the Local Authority recommended limits for the rollover of a surplus at a secondary school are likely to be exceeded, this should be reported to Governors promptly and a decision made on how this will be managed.</p> <p><b>Priority: High</b></p>	<p>Headteacher</p> <p>October 2014</p>	<p>Agreed</p> <p>LA guidelines will be issued and discussed at the October Finance/Asset Management Committee and will form part of the controls provided by the Finance/Asset Management as described in 1.6</p>



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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
2	<i>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.</i>			
2.1	<p>A review of the School's Consistent Financial Reporting (CFR) report identified one change in the Communications budget of £3,400 that was not supported by a virement form. The Finance Officer advised that no budget virements had taken place and there was no evidence in the Finance / Asset Management Committee minutes of any virements being presented to Governors.</p> <p>The School's Scheme of Delegation does not include any requirement for Governors to approve changes to the budget during the year or any delegated limits on the budget values that could be approved by the Headteacher and Governors.</p> <p>There is a risk that if budget changes are made without Governor knowledge or approval, unplanned expenditure could be contained within budgets without Governor knowledge.</p>	<p>The School's Scheme of Delegation should be amended to include the financial limits for the authorisation of budget virements to ensure that Governors get an overview of any budget changes.</p> <p>Virements that take place following the approval of the Budget by the Governing Body should be first approved by Governors, in accordance with the School's Scheme of Delegation, and recorded in the minutes of the Finance / Asset Management Committee.</p> <p><b>Priority: Medium</b></p>	<p>Headteacher</p> <p>October 2014</p>	<p>Agreed</p> <p>Will be completed by end October.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>2</b>	<b>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.</b>			
2.2	<p>As the School is a PFI school, grounds maintenance, cleaning, building maintenance, school meals and waste collection are all provided through the PFI agreement. Therefore the School has only 33 contracts which they have sourced themselves.</p> <p>Hard copies of each of the three contracts sampled during testing were readily available and up to date.</p> <p>All contracts are recorded on a spreadsheet, the main purpose of which is to provide an accurate cost per service for use during budget calculations. This has ensured that the projected cost of each contract on the budget template is as accurate as possible.</p> <p>The School has sourced a number of their contracts via Swindon Traded Services and as such have not reviewed these contracts to ensure they still offer the best value for money.</p>	<p>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.</p> <p><b>Priority: Medium</b></p>	<p>Business Manager</p> <p>March 2015</p>	<p>Agreed</p> <p>All contracts will be reviewed upon renewal or by March 2015.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>3</b>	<b>Budget Monitoring</b>			
3.1	<p>A review of the minutes of the Finance / Asset Management Committee meetings found that a formal cash flow had not been presented to Governors within the last year, although Governors had approved the investment of £500,000 in a higher interest earning account in May 2014.</p> <p>There is a risk to the School that if their expenditure continues to exceed their available income, the School's liquidity will be severely affected and without close monitoring of their cash flow, they will be unable to fund day-to-day transactions.</p>	<p>The School should prepare cash flow forecasts to allow Governors to see more clearly the impact of their decisions in terms of rollover, expenditure / income levels and their predicted budget deficits. Familiarity with cash flows will also be crucial if and when the School become an Academy.</p> <p><b>Priority: Medium</b></p>	<p>Business Manager December 2014</p>	<p>Agreed</p> <p>Cash flows will be prepared and used to increase bank interest where possible. This will be also monitored at the monthly Finance/Asset Management Meetings.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>3</b>	<b>Budget Monitoring</b>			
3.2	<p>A sample of 10 payments valued between £4,500 and £40,000 was selected for testing. All payments had orders raised on SIMS, however the following weaknesses were identified:</p> <ul style="list-style-type: none"> <li>Eight orders were either issued retrospectively or on the same day that the invoice was dated. In five cases, although an estimated value could have been used to raise an order, no order was raised until the invoice was received. It is understood that this was due to a lack of functionality on the SIMS system and a solution to this is being explored.</li> </ul> <p>The value of the remaining three payments would have been known at the point of order and therefore should have had orders raised in advance, in accordance with the Financial Regulations for Schools.</p> <ul style="list-style-type: none"> <li>Quotes should have been obtained for three of the payments examined. Only one had evidence that other quotes were sought to demonstrate best value.</li> <li>In three cases there was no evidence of a segregation of duties in the purchasing process. This is a breach of Financial Regulations and increases the risk of error or fraud.</li> </ul>	<p>In accordance with the Financial Regulations for Schools, three written quotes should be obtained for all purchases over £5,000 and quotations in writing should be obtained for purchases up to the value of £5,000 with more than one written quotation be obtained if reasonably practicable.</p> <p>Orders should be authorised by an appropriate budget holder within their authorisation limits as set out in the School's Scheme of Delegation.</p> <p>Purchase orders should be raised prior to payment, at the point of order, to ensure commitments are appropriately authorised and 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.</p> <p><b>Priority: Medium</b></p>	<p>Business Manager</p> <p>December 2014</p>	<p>Agreed</p> <p>A review of the School Scheme of Delegation will take place and will be agreed with Governors. Once agreed a training session with all budget holders will take place to ensure understanding and compliance across the School.</p> <p>Purchase orders will be raised to ensure financial commitment is recognised in the accounts.</p> <p>All payment will be made on or around payment due date where possible.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>3</b>	<b>Budget Monitoring</b>			
3.3	<p>Testing of the ten payments identified breaches of Financial Regulations in relation to the recording of goods received and payment for goods and services including:</p> <ul style="list-style-type: none"> <li>• Invoice grids were completed on all invoices tested. However, it was noted that for seven of the ten orders examined, either the same person had authorised the purchase order or signed under cost centre holder and had then signed the invoice grid to confirm the receipt of goods/services. A segregation of duties needs to be introduced in order to ensure that the goods paid for by the School have actually been received, are to the specification originally ordered and reduce the risk of error or fraud.</li> <li>• As three of the orders had not been signed by the budget holder, there is no evidence that they had either authorised the payments to be made or were aware of them.</li> <li>• Of the ten purchasing orders tested nine included terms of payment on the invoices received. Of these nine orders payment for three of the purchases were made outside of the terms of payment detailed on the invoice, potentially making the School liable for late payment charges.</li> </ul>	<p>Confirmation that goods or services have been satisfactorily received should not be carried out by an employee who has been involved with authorising the purchase order for that product.</p> <p>Authorisation to pay for the goods and services should always be recorded by an authorised signatory within their authorisation limits.</p> <p>Payments should be made to suppliers within the agreed payment terms unless payment is under dispute, where the reasons for this dispute should also be recorded to explain any payment delays.</p> <p><b>Priority: High</b></p>	<p>Business Manager</p> <p>December 2014</p>	<p>Agreed - This will be included as part of 3.2 above.</p>

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Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
3	<b>Budget Monitoring</b>			
3.4	<p>A decision was taken by the School to dispose of ten old laptops that were no longer useable in the school due to their age and specification.</p> <p>A number of staff had shown an interest in purchasing some of these laptops for £30 each and therefore Governor permission was sought to agree to the sale.</p> <p>There is no evidence to demonstrate that the market value of these second hand laptops was established or that they were offered for sale in an equitable manner.</p> <p>Governors agreed to the sale, however, rather than minute their formal decision through the normal cycle of Finance / Asset Management Committee meetings, agreement was sought and confirmed via emails to the individual Governors.</p> <p>No reference was made to the requirements of the Financial Regulations for Schools Para. 9.1.4 which expects schools to authorise any disposal of assets in accordance with School's Disposal of Assets and Write Off Policy.</p> <p>Whilst assurance has been provided by the IT Manager that the laptops were appropriately wiped of any School data, it has not been possible to confirm that the sale of these laptops was made in the best interest of the School.</p>	<p>The School should devise a Disposal of Assets and Write Off Policy which includes the actions to be taken for obsolete equipment.</p> <p>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.</p> <p><b>Priority: Medium</b></p>	<p>Business Manager</p> <p>December 2014</p>	<p>Agreed</p> <p>Policy will be written and agreed by the Governors. All decisions to sell assets will require agreement from the Governors and recorded in the minutes of the Finance/Asset Committee.</p>

## Swindon Internal Audit Services: Isambard Community School 2014

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>3</b>	<b>Budget Monitoring</b>			
3.5	<p>The School is running Ski Trip in December 2014. The costing for the Ski Trip was made on the basis of a set number of teachers to pupils.</p> <p>Due to a drop in numbers risking the viability of the trip, the partners of the two teachers leading the trip agreed to attend too.</p> <p>The trip provider offered one of these places at 50% of the cost. This benefit was shared between the two partners, rather than being apportioned across all those paying for the trip.</p> <p>At the time of the audit review, the partners accompanying staff on the trip had not had a DBS disclosure completed. This will be necessary and will involve a cost which should not be borne by the School. Additionally, there is a risk that their places on the trip have been arranged before the School have any certainty about their DBS status.</p> <p>The School's Trip Policy does not include details of the School's approach to other responsible adults attending trips, including the allocation of any free places.</p>	<p>School staff, their family or friends should not benefit personally from School Trip arrangements.</p> <p>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.</p> <p>The staffing arrangements for each trip and the allocation of any free places must be clearly explained on the activities approval form.</p> <p>Any discounts that are received through the organisation of a trip should not be used to the benefit of any of the staff or their partners going on a trip. Other than the staff, all those going on the trip should pay for their proportion of the costs.</p> <p>DBS disclosures should be sought in respect of all adults accompanying pupils on a trip before their tickets and places are arranged in order to avoid the need to cancel a place should a DBS check determine it is necessary.</p> <p><b>Priority: Medium</b></p>	<p>Headteacher</p> <p>November 2014</p>	<p>Agreed</p> <p>School Trip policy will be updated and agreed by the Governors.</p>



## Swindon Internal Audit Services: Isambard Community School 2014

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
4	<b>Governance/ SFVS.</b>			
4.1	<p>The Auditor selected a number of documents and policies that Governors were required to approve to assess their involvement in key decisions for the School. The results were as follows:</p> <ul style="list-style-type: none"> <li>Finance / Asset Management Committee approved the 2014/15 budget on 19/5/2014 but there was no formal approval minuted for FGB at the time of the audit. The 2013/14 budget also does not appear to have been formally approved by the FGB.</li> <li>The SFVS self-assessment was completed by the Business Manager and the Chair of Governors and emailed to Governors for comment; no responses were received. There is no evidence that demonstrates other Governors were involved in consideration of the questions before the self-assessment was completed. Consequently, it is not clear whether the SFVS Return is a true reflection of the assurance that Governors have over the effectiveness of the financial management at the School. In addition, the self-assessment was not formally approved.</li> <li>The School Committee Structure was reviewed and the Scheme of Delegation was presented to the Governing Body on the 9/9/2013. However, minutes indicated no discussion and there was no acknowledgement that the Scheme of Delegation was approved.</li> </ul>	<p>The School should draw up a schedule of documents and decisions that need to be reviewed by the various sub-committees and the Full Governing Body each year so that they can be added to the appropriate meeting agendas by the Clerk to ensure that timely decisions are made all policies and procedures are kept up-to-date.</p> <p>Key decisions and approvals should be discussed and minuted at the relevant committee meetings.</p> <p><b>Priority: High</b></p>	<p>Headteacher</p> <p>November 2014</p>	<p>Agreed</p> <p>The Clerk to the Governors will draw up a schedule by the end of October and ensure items are on appropriate agenda. Key decisions will be discussed and minuted.</p>



## Swindon Internal Audit Services: Isambard Community School 2014

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
4	<b>Governance/ SFVS.</b>			
4.2	<p>Finance / Asset Management Committee have received no benchmarking information over the last year despite the apparent budget pressures faced by the School.</p> <p>The Finance Officer stated that this was due to difficulty in obtaining useful information from the Department of Education website as the School was in a PFI building on a shared site. No other benchmarking approach had been considered.</p> <p>Without any form of benchmarking, there is a risk that financial performance will be driven by year on year comparisons with the School's own performance and lessons that could be learnt from similar schools may not be identified and put into practice, missing opportunities for further improvement or efficiencies.</p> <p>Whilst it is appreciated that a PFI school may be different from many others, many costs such as staffing would not be dissimilar and some useful comparisons should still be able to be made through both the Department for Education and directly by contacting similar schools.</p>	<p>Benchmarking should be undertaken annually, and also carried out at any time when reviewing school contracts for procuring goods and services.</p> <p>The School should use benchmarking as a contributing factor to:</p> <ul style="list-style-type: none"> <li>planning and managing their budget;</li> <li>identifying areas and setting targets for improved use of resources;</li> <li>achieving value for money in expenditure and improving its effectiveness to improve performance; and</li> <li>delivering educational services to a defined standard</li> </ul> <p>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.</p> <p><b>Priority: Medium</b></p>	<p>Business Manager</p> <p>December 2014</p>	<p>Agreed</p> <p>Discussions with LA will take place to review appropriate benchmarking sources. The result of benchmarking will form part of a regular agenda item on the Finance/Asset Management Meeting.</p>

## Swindon Internal Audit Services: Isambard Community School 2014

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
4	<b>Governance/ SFVS.</b>			
4.3	<p>As noted in previous findings, minutes from the Finance / Asset Management Committee indicated a lack of challenge and involvement in some of the key financial issues faced by the School.</p> <p>This was also supported by the recent review by the Council's Governor Support Manager who has advised that training should be made available to Governors to increase their knowledge and possibly generate more challenge.</p> <p>The statutory responsibilities of the governing body of a maintained school are detailed in section 21 of the Education Act 2002.</p> <p>One of the key responsibilities is to act as a 'critical friend' to the head teacher by providing advice, challenge and support. This will ensure that resources are deployed appropriately in line with the school's priorities; planned levels of financial performance are achieved and the school avoids incurring financial loss and waste.</p> <p>There is a risk that if Governor challenge cannot be encouraged, the statutory responsibilities will not be fulfilled and the School may be steered entirely by the School's Senior Leadership Team without significant input from the local community and its parents.</p>	<p>The School should look to increase the involvement of Governors through their Committee meetings, encouraging questions, challenge and guidance on key financial issues such as:</p> <ul style="list-style-type: none"> <li>• Financial planning</li> <li>• The level of rollover</li> <li>• Significant variances to budget</li> <li>• Benchmarking</li> <li>• Budget setting</li> <li>• The School Development Plan.</li> </ul> <p>When the Governors skills matrices are next completed, the School should determine what training should be provided to Governors to encourage their involvement, including:</p> <ul style="list-style-type: none"> <li>• Governor Support training</li> <li>• Support from the LA Finance Team</li> <li>• Working with other schools etc.</li> </ul> <p>Minutes must clearly reflect the discussions that take place at these meetings, and particularly any challenge provided by Governors on financial matters to demonstrate that they are fulfilling their statutory duties.</p> <p><b>Priority: High</b></p>	<p>Governing Body</p> <p>December 2014</p>	<p>The minutes were not a full and accurate record of the meetings. The person who took those minutes is no longer doing so and the current Clerk to the Governors will be taking these going forward. Previous audit has identified the Clerk takes good quality minutes. Presentations will show changes over time to ensure better challenge by Governors.</p> <p>A skills audit has been completed which identified areas to improve, financial training from SBC booked for 22.09.14. Looking to recruit Associate Governor with accounting skills for 18 months.</p>

## Swindon Internal Audit Services: Isambard Community School 2014

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>4</b>	<b>Governance/ SFVS.</b>			
4.4	<p>Finance / Asset Management Committee only met three times during the last 12 months with each meeting having a significant agenda to run through in a very limited amount of time of one hour per meeting. As an example, the time allocated for the 2014/15 £6m budget setting process was only 15 minutes.</p> <p>Whilst the minutes were clear, they did not demonstrate any significant challenge by Governors on the financial issues brought to their attention. The timing of the meetings meant that Governors had little time to take any action on some of the issues raised i.e. the potential rollover of £600,000 was raised at the February 2014 meeting, only one month before year end.</p>	<p>The frequency of Finance / Asset Management Committee meetings should be increased to ensure Governors have sufficient time to determine what, if any, action they may need to take in relation to the issues raised.</p> <p>Agenda items should be prioritised with sufficient time allocated for a full discussion by the Governors. This will enable a full and open challenge of the financial position of the School.</p> <p><b>Priority: High</b></p>	<p>Governing Body</p> <p>October 2014</p>	<p>The Finance and Staffing Committees have been combined so they will now meet 5 times a year (approx. every 2 months). This will also include an autumn work programme for Asset. FGB budget approval by FGB April 2014.</p>

## Swindon Internal Audit Services: Isambard Community School 2014

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>4</b>	<b><i>Governance/ SFVS.</i></b>			
4.5	<p>A review of the minutes from the Asset Management Committee and the Full Governing Body identified a number of transactions that did not appear to have been ratified by the Governors through the normal Committee structure. These included:</p> <ul style="list-style-type: none"> <li>• No reference to the Governors agreement for the sale of laptop computers, that were no longer useable by the School. to staff</li> <li>• No follow-up from the FGB on the issue of the conflict of interest with the New Free School for Governor (KG).</li> <li>• Issues raised about the level of School Fund Balances in February 2013 by the Asset Management Committee were not resolved in any of the subsequent meetings.</li> </ul> <p>The first two of these were due to the decisions being made via e-mails between the School and members of the relevant committees.</p> <p>There is a risk that the School may be challenged on its decisions where these are not formally recorded in the minutes of the Committee meetings.</p>	<p>Decisions that are taken by Governors outside of the normal committee meeting cycle should be recorded in subsequent minutes to provide a clear record of any decision made.</p> <p>Action points from meetings should be clearly marked as such with the initials of the person responsible for their implementation.</p> <p>The action points should be followed up at subsequent meetings and marked as resolved when they are completed.</p> <p><b>Priority: High</b></p>	<p>Governing Body</p> <p>November 2014</p>	<p>Agreed</p> <p>There will be a standard agenda item called 'Decisions Since Last Meeting' on all Governor committee agendas to detail anything agreed via email. A 'nil report' will be made if that is appropriate.</p>

## Swindon Internal Audit Services: Isambard Community School 2014

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
<b>4</b>	<b>Governance/ SFVS.</b>			
4.6	<p>The SFVS has been completed by the School and signed by the Chair of Governors.</p> <p>The SFVS was distributed to Governors electronically for their comments, but their involvement in coming to the responses appears minimal.</p> <p>Due to the way the SFVS was distributed, the formal approval of the standard by Governors is not evidenced in the Governor meeting minutes.</p> <p>The Auditor also found a number of areas where the self-assessment reported that the School had met the standard, but where audit testing found the School fell short of it being achieved. These are summarised in <b>Appendix A</b>.</p> <p>Governing bodies are responsible and accountable in law and in practice for all major decisions about the school. They must approve the school's budget and review progress against the set budget, targets and plans. In doing so, they manage a considerable amount of public money and carrying out the SFVS assessment is intended to assist them in this task and give assurance to the LA that they have sound financial management in place.</p> <p>The consideration and completion of the SFVS self-assessment is the responsibility of the whole governing body to ensure that all those with responsibility for the financial management of the School have assurance that it is being managed appropriately.</p>	<p>The School's SFVS self-assessment should be fully discussed with all Governors to ensure those with responsibility for the financial management of the School have assurance that it is being managed appropriately.</p> <p>The remedial action plan to address any areas requiring attention should be updated to resolve any issues raised in the Action Plan to this report and at <b>Appendix A</b>. This should be monitored by Governors to ensure prompt implementation of agreed actions.</p> <p>Both the SFVS self-assessment and the action plan should be formally approved by the Governing Body.</p> <p><b>Priority: High</b></p>	<p>Governing Body</p> <p>November 2014</p>	<p>Agreed</p> <p>SFVS will be discussed at the Finance and Asset Committee along with action necessary to address weaknesses, as highlighted in this report and any other deficient area. Future compliance will be managed through this Committee.</p> <p>The Business Manager and Governing Body will collaboratively work together to complete future SFVS. Completion date – end of March 2015.</p>

# Swindon Internal Audit Services: Isambard Community School 2014

Ref.	Finding	Recommendation	Responsible Officer and Timescale	Management Response
	5.6 Cont... The approach taken to complete the current SFVS self-assessment does not demonstrate that the Governing Body is meeting its statutory requirements.			

## Audit findings from a review of the SFVS

## APPENDIX A

Below is a list of the findings following the audit review of the School's SFVS self-assessment, where the audit opinion significantly differs from the assessment made by the School.

SFVS Ref	SFVS Question	School's Self-Assessment	Audit Findings & Xref to relevant report point
7	Does the School review its staffing structure regularly?	Yes The staffing structure is regularly reviewed by the Staffing Governing Body and the financial implications are discussed at the finance meetings. This is also linked into the SDP which incorporates any planned changes and is discussed at SLT where all strategic and financial implications are taken into account.	Not met <ul style="list-style-type: none"> <li>A staffing review has not been conducted as part of the budget setting process for 2014/15. <b>AP1.3</b></li> <li>Staffing Committee has not met regularly, the last set of minutes were produced in October 2013.</li> <li>No evidence was found in minutes of the Finance Committee showing that the financial implications of staffing changes have been discussed.</li> <li>The School Development Plan for 2012-2014 was found to be out-of-date. Minutes of Governor meetings found no evidence of review; this was confirmed by the Headteacher. <b>AP1.4</b></li> </ul>



## Swindon Internal Audit Services: Isambard Community School 2014

SFVS Ref	SFVS Question	School's Self-Assessment	Audit Findings & Xref to relevant report point
8	Is there a clear and demonstrable link between the School's budgeting and its plan for raising standards and attainment?	Yes The SDP has financial implications and timescales annotated against each output. The SDP links directly with the school budget plan. Items are identified with the relevant costs and timeframes. The staffing structure in place is reflected in the budget planning process.	Not met <ul style="list-style-type: none"> <li>The School Development Plan is out-of-date with no indication of what actions had been completed. <b>AP1.4</b></li> <li>Very few of the actions in the plan were costed, with the budget for School Development far exceeding the costed items in the plan. <b>AP1.4</b></li> <li>The IT Development Plan did not appear to be discussed with Governors and was not linked to the budget. <b>AP1.5</b></li> <li>The staffing structure currently in place is reflected in the budget. However this has not been recently reviewed and there is no evidence to demonstrate that it meets the current and future needs of the pupils. <b>AP1.3</b></li> </ul>
9	Does the School make a forward projection of budget, including both revenue and capital funds, for at least three years, using the best available information?	Yes The SBC budget forecast template is completed each year with a three-year prediction using the most up to date information for both income and expenditure.	Not Met <ul style="list-style-type: none"> <li>The expenditure budgets that form a significant proportion of School expenditure are based on information that has not been comprehensively reviewed to meet School needs. <b>AP1.3</b></li> </ul>



# Swindon Internal Audit Services: Isambard Community School 2014

SFVS Ref	SFVS Question	School's Self-Assessment	Audit Findings & Xref to relevant report point
10	Does the school set a well informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?	<p>Yes</p> <p>The school sets a balanced budget which all SLT members take a role in providing an input to in order to inform the budgetary process. The budget is approved by Governors each year and submitted to the LA. All known and predicted assumptions are accounted for and highlighted in the commentary and approval process through Governors.</p>	<p>Not met</p> <ul style="list-style-type: none"> <li>The budget is not well informed, as demonstrated by significant year-end balance variances with initial plan predicting a deficit of £757k 2016/17. <b>AP3.2</b></li> <li>The first report to Governors of the significant £600k surplus was in February 2014 with only one month left until year end. By year end it had reached £657k. <b>AP3.2</b></li> <li>A comprehensive staffing review was not carried out to support budget setting. <b>AP1.3</b></li> <li>The approval of the budget plan for 2014/15 to 2016/17 by Governors is not minuted in the FGB minutes. <b>AP5.1</b></li> </ul>

## Swindon Internal Audit Services: Isambard Community School 2014

SFVS Ref	SFVS Question	School's Self-Assessment	Audit Findings & Xref to relevant report point
11	Is end of year outturn in line with budget predictions, or if not, is the governing body alerted to significant variations in a timely manner, and do they result from explicitly planned changes or from genuinely unforeseeable circumstances?	Yes The Governing Body are updated on the budgetary position throughout the year with any changes to the budget explicitly highlighted and explained. Only unforeseen circumstances or delays in specific budgeted projects tend to be the only impacts we currently have. Current rollover has been planned to bridge the gap over the next couple of low pupil intake years.	Not met <ul style="list-style-type: none"> <li>Governors meetings are not frequent with only three meetings being held in the year, and the first predicted year-end balance only notified to Governors one month before year end. <b>AP5.4</b></li> <li>2013/14 finished with an excessive surplus; £657k (11%) of total budget. <b>AP3.2</b></li> <li>No evidence was found of the levels being specifically planned and identified either at beginning of year or during.</li> </ul>
12	Does the School benchmark its income and expenditure annually against that of similar schools and investigate further where any category appears to be out of line?	In Part The school annually benchmarks against similar schools but is limited given that it is a PFI school. Other main costs such as staffing and supply are compared. Evidence Required – action point.	Not met <ul style="list-style-type: none"> <li>The Auditor found no evidence of any benchmarking discussed with Governors and was advised by the Finance Officer that suitable comparators could not be identified to undertake such comparisons. <b>AP5.2</b></li> </ul>

## Swindon Internal Audit Services: Isambard Community School 2014

SFVS Ref	SFVS Question	School's Self-Assessment	Audit Findings & Xref to relevant report point
13	Does the School have procedures for purchasing goods and services that both meet legal requirements and secure value for money?	<p>Yes</p> <p>The Finance Department challenges purchases, if required, to confirm that goods/services are being purchased in the most effective way and that funds are spent in conjunction with policy/procedures.</p>	<p>Not met</p> <ul style="list-style-type: none"> <li>Testing identified breaches in Financial Regulations where there is a lack of segregation of duties (<b>AP4.1</b>), appropriate authorisation and a high number of retrospective orders being raised. This would prevent the Finance Department being in a position to challenge purchases as they would only be aware after the event (<b>AP3.3</b>).</li> <li>Quotes/tenders were not obtained. <b>AP3.3</b></li> </ul>

## Swindon Internal Audit Services: Isambard Community School 2014

SFVS Ref	SFVS Question	School's Self-Assessment	Audit Findings & Xref to relevant report point
14	Are balances at a reasonable level and does the School have a clear plan for using the money it plans to hold in balances at the end of each year?	Yes All spending is linked to the SDP and balances are regularly monitored in line with budgets. Investments are made on the money market if a surplus is identified in the short term. Limits for holding surplus funds have changed this year due to the change in the SBC funding formula, no claw backs will take place this financial year and the Governors are aware of this. High rollover has been planned to support the low intake over the next three-years.	Not met <ul style="list-style-type: none"> <li>The levels of surplus were deliberately increased by the School to offset future deficits, but without any detailed plan of how this funding would be used.</li> <li>Surplus levels were reported to Governors late in the financial year and jumped significantly with no challenge on the reasons for this increase.</li> <li>Cash flow forecasts not prepared so investments not as planned as could be.</li> </ul> <b>AP3.1</b> <ul style="list-style-type: none"> <li>Schools Forum has not approved any changes to the LA balance limits for school surpluses with the current limit exceeded by the School.</li> </ul>
15	Does the School maintain its premises and other assets to an adequate standard to avoid future urgent need for replacement?	Yes As we are a PFI school the contract we have with the PFI company protects the assets as they have to be maintained to a high level. Regular meetings are held with them to ensure that the contract is being fulfilled. The remaining items are reviewed annually in line with the budget.	In Part <ul style="list-style-type: none"> <li>Premises maintenance is managed as part of the PFI contract.</li> <li>The IT Development Plan is not reviewed and fully incorporated into the budget with insufficient capital funding available to replace some IT equipment whilst the School was accumulating savings in other areas. <b>AP1.5</b></li> </ul>

# Swindon Internal Audit Services: Isambard Community School 2014

SFVS Ref	SFVS Question	School's Self-Assessment	Audit Findings & Xref to relevant report point
18	Is the Governing Body sure that there are no outstanding matters from audit reports or from previous consideration of weakness by the Governing Body?	<p>Yes</p> <p>The Governing Body always approve the audit reports produced along with any action plans that are created. The report will be circulated and the BM will give an update immediately following the report. This is now a standing agenda item on the Finance Governing Body Agenda.</p>	<p>Not met</p> <ul style="list-style-type: none"> <li>Follow up testing of previous recommendations identified that two have not been implemented – see <b>AP3.1</b> and <b>AP5.5</b> in the Action Plan of the report.</li> <li>Follow up of actions in respect of any feedback from reviews at the School i.e. Governance reviews, Internal Audit Reports or Ofsted are not standing agenda items.</li> </ul>

## Swindon Internal Audit Services: Isambard Community School 2014

SFVS Ref	SFVS Question	School's Self-Assessment	Audit Findings & Xref to relevant report point
19	Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers?	<p>Yes</p> <p>No fraud or theft cases have been detected in the last 12 months. The School has a robust system in place with a good audit trail of transactions, limited access rights on computerised systems, reconciliation of accounts bi-weekly, separation of duties across financial, HR and Payroll functions. In addition, 2 signatories are required for all payments.</p>	<p>In Part</p> <p>A general lack of segregation of duties was found particularly around the handling of cash was identified in the audit review. <b>AP4.1</b></p> <p>The Chair of Governors has also declared an interest in a bid for a free school in North Swindon. This bid is still going ahead with the Chair of Governors listed as one of the team responsible for delivering a free school by September 2016. This will be in direct competition with Isambard School for pupils. It should be clearer if the bid has been successful after October 2014.</p>

# Swindon Internal Audit Services: Isambard Community School 2014

SFVS Ref	SFVS Question	School's Self-Assessment	Audit Findings & Xref to relevant report point
23	Does the School have an appropriate business continuity or disaster recover plan, including an up to date asset register and adequate insurance?	<p>In Part</p> <p>The school maintains and updates its BCP annually. An additional box with a copy of the plan is held off site in case of a building emergency. A new BCP created in collaboration with SBC/PFI/School, this is yet to be tested – Action Point.</p> <p>An asset register is operational and is updated on an on-going basis and reviewed annually. All large items have been captured but smaller items have been added for control purposes rather than financial.</p> <p>The School has adequate insurance arranged through the LA.</p>	<p>Partly met.</p> <p>The School has a Business Continuity Plan in place which needs testing to ensure it operates effectively.</p> <p>The School buy in their insurance through the Local Authority.</p>
Section E	Summary of agreed remedial action and timetable for reporting back.		<p>A number of remedial actions were proposed as part of the School's SFVS self-assessment to address the areas where the School has determined they had not met the standard. These actions were due to be completed by 23/5/2014. However, a review of the minutes for Governor meetings since that date did not indicate any of the actions being monitored or that target dates had been achieved.</p>

## APPENDIX B

### 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	
<b>Audit Opinion 1. <i>High standard</i></b>	The auditor completing the review concluded the significant controls are in place and operating effectively and only minor recommendations have been made
<b>Audit Opinion 2. <i>Satisfactory standard</i></b>	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.
<b>Audit Opinion 3. <i>Significant improvements required</i></b>	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.
<b>Audit Opinion 4. <i>Fundamental weaknesses identified</i></b>	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



## APPENDIX C

## Acknowledgements

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

Name	Job Title
Rachael Matthey	Isambard - Headteacher
Robert Shorter	Isambard - Business Manager
Helen Holmes	Isambard - Finance Officer
Gary McCandless	Isambard Governor - Finance/Asset Committee
Steve Haley	SBC Head of Finance - Education & Innovation
Simon Byford	SBC School Place Planning Information Manager
Bridget Sinclair	SBC Governor Support Manager

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Note to        The Isambard Community School QIG 14<sup>th</sup> October 2014  
From         Steve Haley, SBC Head of Finance (Education and Innovation)  
Subject       School Governance and Financial Health Update

## **Background**

On 22<sup>nd</sup> September a presentation was made by the LA Finance and Internal Audit teams to Isambard Governors and other members of the School Leadership Team. The purpose of this event was to adapt an existing finance training for governors training package to make this a bespoke event specific for Isambard which would link theory and practise regarding governance and financial management. This event was well attended and key messages were included in the following slides

### **A) Internal Audit Issues**

## **Internal Audit Review**

- On site at the end of June 2014
- Draft report issued in July
- Management responses to the recommendations are currently being collated by the Business Manager
- The overall audit opinion is that the School poses a significant risk to the Council

Risk Area Examined	Audit Conclusion re. mitigating controls
Financial Planning and Budgetary Control	Fundamental weaknesses identified
Budget Setting	Fundamental weaknesses identified
Budget Monitoring	Significant improvement required
Cash/ Segregation of Duties	Significant improvement required
Governance/ SFVS	Fundamental weaknesses identified

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## **Specific Issues Identified**

- The School's three-year financial plan was not supported by an up-to-date staffing review or School Development and IT Development Plans.
- The Plan showed a deficit of £757k in year 3 with no alternative forecast provided to Governors to allow them to discuss and agree action to address this.
- Governors undertook Budget Monitoring only three times during the last financial year. Surplus for 13/14 was building up with no explanation provided.

Meeting Date	Surplus Reported
October 2013	£281,000
February 2014	£600,000
Year End 2014	£667,000

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## Specific Issues Identified cont...

- School Development Plan was out of date
- IT Spending Plan 13-16 not linked to budget
- At meeting in Oct 13 – previous BM informed Governors that LA was aware of the level of funds held by the School and were happy for this to be held to minimize the need for redundancies
- No evidence of challenge by Governors of the information provided
- SFVS self assessment not conducted by Governors and responses do not agree to audit findings.

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## B) Financial Health Issues

### Isambard's financial position

Trends in Isambard school balances:

Source	Financial year end	Value	Time frame
Final Accounts	31/03/2008	£342,000	Looking back
	31/03/2009	£436,000	
	31/03/2010	£156,000	
	31/03/2011	<b>-£62,100</b>	
	31/03/2012	<b>-£61,000</b>	
	31/03/2013	£313,000	
	31/03/2014	£667,000	
Latest 3 year plan	31/03/2015	£380,172	Looking ahead
	31/03/2016	£104,817	
	31/03/2017	<b>-£295,406</b>	

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## Isambard's financial position

To assess financial sustainability you need to consider a school's annual funding v annual spending and the key determinant is pupil numbers

	Opening Balances £m	Annual Funding Total £m	Annual Spending Total £m	Closing Balances £m	In year surplus £m	Funding per pupil £m	Spending per pupil £m
2012/13	-£0.061	£5.747	£5.373	£0.313	£0.374	£ 4,929	£ 4,608
2013/14	£0.313	£5.911	£5.557	£0.667	£0.354	£ 5,091	£ 4,786
2014/15	£0.667	£5.701	£5.988	£0.380	-£0.287	£ 5,001	£ 5,253
2015/16	£0.380	£5.653	£5.928	£0.105	-£0.275	£ 5,020	£ 5,265
2016/17	£0.105	£5.582	£5.981	-£0.294	-£0.399	£ 5,038	£ 5,398

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## Isambard's financial position

- The 2014/15 budget must be carefully monitored and controlled but the 3 year financial plan is the key financial document and staffing is the key cost item
- The leadership team must be aware of and challenge the assumptions underpinning figures in this plan
  - school improvement plans, curriculum changes, staffing structures, planned savings, pay awards, inflation, pension & NI changes, ICT strategies, workforce development strategies, asset management strategies plus potential risks such as falling pupil numbers (key risk)
  - Ensure all spending decisions are affordable long term
  - Tough decisions needed to reduce staff costs
- Fortuitously secondary BPPE rates are most likely to be increasing in 2015/16 but is this enough?

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Governors and the Leadership team were left with the following suggested actions

- Work through the SFVS & Internal Audit issues to embed sound governance and financial management procedures
- Devise, monitor & deliver a deficit avoidance plan
- Update the 2014/17 financial plan to show positive balances throughout ensuring annual spend is within annual funding

## Update

LA Officers visited Isambard on 6<sup>th</sup> October to discuss the presentation and subsequent action. Feedback was that the event had been extremely beneficial to the school.

LA officers advised that the DfE had confirmed that Swindon would be receiving a school block DSG increase from the start of 2015/16 which the Schools Forum had agreed would be passed on to mainstream schools as a 4.15% BPPE increase. This was better news than the 2.5% increase the LA had advised would be likely in July.

For Isambard the LA had provided an indicative estimate that based on 1,140 pupils as at October 2013 Isambard would receive approximately £178,605 additional funding, an overall 3.3% increase over the current year. This would therefore improve the school's overall finances although cost pressures arising from pay awards, staff increments, National Insurance and Pension changes needed to be provided for.

After receiving the schools 3 year financial plan at the end of June (which showed a substantial deficit position was projected) the LA had provided a draft template for the school to complete to support the financial plan. This would clarify the key planning assumptions on which figures throughout the 2014/2017 period had been based including;

- Expected pupil numbers plus actions to mitigate the threat of losing pupils to other schools
- Estimated staff costs i.e. assumed pay awards, incremental progression and statutory oncosts (NI and Pension contributions)
- The impact of savings arising from agreed restructurings or other savings
- The potential impact of savings that could be achieved arising from Leadership team options that had been identified so far
- The budgetary provisions made relating to school improvement actions

The LA had expected the school to have developed their initial financial plan to reflect the above items in order to have a firm idea of the level of outstanding savings that had yet to be identified as this would inform discussions about curriculum changes. It seems that the school has focussed on a detailed review of the current year position, which although important, is not as strategically important as quantifying the schools structural deficit in order to stabilise the medium term position.

Further guidance on this matter was provided to the School Business Manager and the LA would reiterate the need for the Leadership Team to revise their 3 year financial plan with a clear understanding of the key planning assumptions and risks underpinning this plan. ***This action should be undertaken as a matter of some urgency by the governing body with the resulting plan and supporting commentary submitted to the LA.***

### **Audit Committee**

The LAs audit committee consists of elected members and meets regularly to review the work and findings arising from the SBC internal audit programme. At each meeting a specific audit is selected for detailed review and Isambard School has been selected for the 4<sup>th</sup> November Committee.

The Headteacher, Chair of Governors and School Business Manager will be asked to attend to answer questions on the findings and their management response. LA staff will also be invited to attend to provide information and answer any questions.

The role of the Audit Committee is to provide a key source of assurance about the organisations arrangements for managing risk, maintaining an effective control environment and reporting on financial and non-financial performance. For Isambard the Committee will be looking for assurances that the Audit recommendations are sufficient and will be implemented.

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**Internal Audit reports identifying ‘significant’ risk or ‘of concern’:  
Highways Asset Management**

**Audit Committee**

**Date: 4<sup>th</sup> November 2014**

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Author:	Head of Internal Audit
Wards:	None
Locality Affected:	None
Parishes Affected:	None

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**1. Purpose and Reasons**

- 1.1 Members requested that at least one individual audit report be presented to each meeting of the Committee. At the meeting in February an Internal Audit report on *Highways Asset Management* was presented to Members. At that meeting Members requested that a follow-up audit be undertaken and the results reported to the November meeting of the Committee.
- 1.2 The Council’s Audit Committee has a strategic role to ensure that the Council’s assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating effectively.

**2. Recommendations**

- 2.1 It is recommended that the contents of the report be noted.

**3. Detail**

Background

- 3.1 As a unitary authority, the Council is also the Highway Authority for the highway network that falls within the boundaries of the borough. However, this excludes roads that form part of the country’s strategic network; these are the responsibility of the Highways Agency. Within the boundaries of the Council the strategic routes are the M4 and the A419.
- 3.2 An Internal Audit review of Highways Asset Management was completed in October 2013. The audit opinion was that significant improvements were required resulting in an overall ‘Of Concern’ risk assessment to the Council.
- 3.3 Audit Committee selected the report to be presented to their February 2014 meeting. The Head of Highways and Transport attended the meeting and updated Members with progress in implementing agreed recommendations. Members requested that an update on progress be brought back to Audit Committee later in the year.
- 3.4 Since the issue of the original Internal Audit report a decision to reintegrate the majority of services provided by Swindon Commercial Services (SCS) back in to

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Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk).

# Internal Audit reports identifying 'significant' risk or 'of concern':

## Highways Asset Management

**Audit Committee**

**Date: 4<sup>th</sup> November 2014**

the Council was made. This included the services provided by the SCS Highways Team that are now managed by the Head of Highways and Transport.

- 3.5 This reintegration has had a significant impact on the nature of some of the recommendations made in the original audit report and on the timescales for implementation agreed at that time.

### Action since last audit

- 3.6 The auditor has tested relevant documentation and processes to establish progress made in implementing agreed recommendations. A summary of findings is set out in the table below:

Priority of recommendations	Total	Implemented	Not Implemented	In Progress
High	3	2	0	1
Medium	6	3	3	0
Low	0	0	0	0
Total	9	5	3	1

- 3.7 The full Internal Audit report setting out in more detail the state of implementation of the recommendations is set out in Appendix 1. Progress has been made on a number of recommendations. However, the reintegration of SCS has had a significant impact on the nature and timescales for delivery of some of the recommendations.
- 3.8 The Head of Highways and Transport will also be attending Audit Committee to answer any questions that Members may have.

### 4. Alternative Options

- 4.1 Not Applicable

### 5. Implications, Diversity Impact Assessment and Risk Management

#### Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report however the detailed audit report addresses the suitability of internal controls within the systems examined

#### Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2011. The Internal Audit service also provides assurance to the Director of

**Internal Audit reports identifying ‘significant’ risk or ‘of concern’:  
Highways Asset Management**

**Audit Committee**

**Date: 4<sup>th</sup> November 2014**

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Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

5.3 None

Links to One Swindon, Strategic Objectives, Plans and Policies

5.4 Effective systems of internal control within the Council will help to ensure that the Council's corporate objectives and those set out in One Swindon are achieved.

Diversity Impact Assessment

5.5 Not Applicable

Risk Management

5.6 Not applicable

**6. Consultees**

6.1 The Board Director: Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

**7. Background Papers**

7.1 None

**8. Appendices**

8.1 Appendix 1 – Internal Audit report: *Highways Asset Management follow-up review* (Oct 2014)

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# Swindon Borough Council

Civic Offices, Euclid Street, Swindon, SN1 2JH

## Swindon Internal Audit Services

**Memorandum to:** Gwillam Lloyd                      Head of Highways and Transport

**Copies to:** Bernie Brannan                      Board Director: Service Delivery

**From:** Nick Hobbs                      Head of Internal Audit

Date: 23rd October 2014

Your Reference:

Our Reference: SD/HAMFA/SH

Telephone: 01793 463940

Fax: 01793 464603

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### Internal Audit Highways Asset Management Follow-up review

#### Introduction

An Internal Audit review of Highways Asset Management was completed in October 2013. The audit opinion was that significant improvements were required resulting in an overall 'Of Concern' risk assessment to the Council.

Audit Committee selected the report to be presented to their February 2014 meeting. The Head of Highways and Transport attended the meeting and updated Members with progress in implementing agreed recommendations. Members requested that an update on progress be brought back to Audit Committee later in the year.

Since the issue of the original Internal Audit report a decision to reintegrate the majority of services provided by Swindon Commercial Services (SCS) back in to the Council was made. This included the services provided by the SCS Highways Team that are now managed by the Head of Highways and Transport.

This reintegration has had an impact on the nature of some of the recommendations made in the original audit report and on the timescales for implementation agreed at that time.

#### Action since last audit

The auditor has tested relevant documentation and processes to establish progress made in implementing agreed recommendations. A summary of findings is set out in the table below:

Priority of recommendations	Total	Implemented	Not Implemented	In Progress
High	3	2	0	1
Medium	6	3	3	0
Low	0	0	0	0
Total	9	5	3	1

Internal Audit is pleased to report that the following five recommendations have been implemented:

- A training plan/matrix has been developed for the Highways Inspectors. Training is being delivered and recorded accordingly.
- All known bridges/structures have now been examined and condition scores obtained. A budget of £230,000 has been included in the capital programme for 2014/15 for work on the more critical bridges/structures.
- A capital budget of £300,000 was agreed for drainage in 2014/15. Discussions are on-going regarding future year's funding.
- The Local Flood Risk Management Strategy and year one action plan was agreed by Cabinet in July 2014. This includes an objective to: *develop a prioritised action plan to manage flood risk by maintaining and improving where appropriate, local flood risk management infrastructure and systems.*
- The Head of Highways and Transport and the Council's Insurance Manager have now met to discuss insurance claims made due to the condition of the roads and pavements. The Insurance Manager will now provide quarterly reports to all business areas regarding insurance costs.

Progress has started on implementing the key outstanding recommendation however a considerable amount of work is still required:

- The need to formally define the scope of the highways delivery service, performance criteria and relevant roles and responsibilities etc. The reintegration of SCS has had a significant impact on this recommendation and a revised timescale of October 2015 has been indicated by the Head of Service.

#### **(b) Outstanding recommendations**

The following recommendations are still outstanding from the original audit report:

- To date it has not been possible to recruit a suitable candidate to the post of Bridge/Structure Engineer.
- Bridge condition surveys result in a ranking score out of 100. A formal decision should be made on what the benchmark score should be before it is considered that remedial action is required to be undertaken.
- Determine whether the Confirm IT data base will be used as the Highways management primary information system. Evaluate the cost benefit of operating a separate Pavement Management system or switching to Confirm system. It should be noted that the Confirm system will be included in the Council wide review of Information Assets.

#### **(c) New recommendations**

A couple of minor new recommendations have been made during the follow up review. These have been included in the attached action plan.

- (a) **Opinion on system controls: Significant improvements required** i.e. the Auditor completing the review concluded that existing procedures still needed to be improved to ensure that they are fully reliable.
- (b) **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 that remains as being **of concern**:

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

The attached Follow-Up form provides details of the original audit recommendations with management responses, along with updated audit findings and management responses, following the follow-up review.

If you have any queries regarding the above please do not hesitate to contact Steve Hayward, who carried out the audit, or me.

Many thanks,

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# INTERNAL AUDIT FOLLOW UP FORM

AUDIT	Highways Asset Management	PREPARED BY	Steve Hayward	DATE	14 <sup>th</sup> October 2014
REPORT DATED	October 2013	REVIEWED BY	Lorraine Sarson	PAGE	23rd October 2014

Ref.	Initial recommendation and management responses from the original audit report (October 2013) plus updated management responses	Current finding(s) and any further recommendation(s)	Responsible officer, initial timescale October 2013 and revised timescales
1	<b>Risk: Business relationship management not in place</b>  Highways and Transport and StreetSmart should agree an appropriate governance arrangement. This should then be encapsulated in a Service Level Agreement. The arrangements should include: <ol style="list-style-type: none"><li>1. The coverage and split of types of work expected from SCS.</li><li>2. How SCS's performance should be measured, as the current key performance indicators don't reflect fully highway maintenance requirements e.g. nothing on undertaking condition surveys.</li><li>3. Management information required e.g. in what circumstances SCS should report, via StreetSmart, issues to Transport and Highways that may affect the long term condition of a road or a where a larger piece of maintenance work is required.</li><li>4. Meetings between Highways and Transport and StreetSmart, meeting frequencies, employees involved and their roles and responsibilities.</li><li>5. The policies expected to be followed e.g. balance between safety inspections and routine inspections, reactive versus routine maintenance and how they should be reported.</li><li>6. The evidence StreetSmart would be expected to see as verification that SCS were carrying out the tasks.</li></ol> <b>Priority: high</b>	<b>Implementation of recommendation in progress.</b>  Following a Council decision, highways services delivered by Swindon Commercial Services reintegrated to the Council from 1 <sup>st</sup> November 2013. This service now reports to the Head of Highways and Transport and is reflected in a new Highways and Transport organisation structure. Whilst a service level agreement with Streetsmart is no longer required, the principles of control provided in the previous recommendations are still relevant and need to be addressed in the context of the new service delivery arrangements.  Operational Key Performance Indicators have been set for some of the key risk areas in the interim e.g. highways and street lighting. However, following delivery of a business plan, comprehensive performance indicators and performance management systems needs to be put in place.  Work is being undertaken to address the recommendations, as can be seen by the Head of Services response.  <b>New Recommendation</b> A manual has been developed for the Highway Inspectors giving guidance on what is expected of them. However, the manual needs evidencing of authorisation by senior management (Service Manager/ Head of Highways and Transport) and should have formal version control e.g. version, date, change history etc.  <b>Priority: low</b>	Head of Highways and Transport in conjunction with the Service Manager Highway Infrastructure Management  <b>Original date</b> March 2014  <b>Revised date No 1</b> September 2014  <b>Revised date No 2</b> October 2015

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## Management responses to 1.1:

### Head of Highways and Transport response:

**Auditee comment (October 2013):** Recommendations to be included in Swindon Commercial Services (SCS) Reintegration work-streams.

**Auditee comment (February 2014):** Issue has been impacted by the reintegration of SCS Streetsmart Services Highway Maintenance team into Highway and Transport as part of the SCS reintegration process.

Following the reintegration of SCS into SBC, Highways and Transport are developing a new structure. This will see the highways work previously undertaken by SCS, being directly managed within Highways and Transport. This will provide the opportunity to develop stronger performance and financial monitoring and reporting through appropriate SMART service delivery objectives, supported by key responsibilities being identified and managed. Proposed Revised timeline for this recommendation to be actioned by September 2014.

**Auditee comment (October 2014):** We are taking forward an approach that builds upon the requirements and work-streams set up for the Swindon Commercial Services re-integration programme. This builds upon, defines and sets a number of additional objectives associated with creating and reinforcing the culture to deliver excellently. Also, taking forward the recent audit recommendations as part of this work, we are developing operational improvements. There are six key work areas being progressed in 2014/15 as part of the SCS re-integration project, consisting of :

- ICT Improvements; TASK system exit strategy; Culture; Stores / Waterside Improvements; Performance and Customer Journey; Communications

The key areas of change associated with delivery are:

- Being more performance driven, lean and proactive
- Challenging working practices across whole processes – an example of this is developing an integrated approach to design (by our framework consultants) and construction teams
- Identifying any residual silo working practices and eliminating these
- Actively seeking out continuous improvement and feeding back into service area
- Reinforcing and developing a culture where team take ownership of issues and develop a proactive approach to driving forward new ways of working

This is articulated as 5 key operational work areas:

- Improve behaviour and culture.
- Improve health and safety culture.
- Understand Backlog of Repairs & reduce by approx. 2000 no jobs
- Improve efficiency and effectiveness of service.
- Spend additional funding and target repairs on potholing and patching.

Management information is being aligned to supporting delivery of these set outcomes. These activities form part of the SCS re-integration programme plan. Members have sight of this through the Streetsmart and Highways Overview and Scrutiny Committee.

Ref.	Initial recommendation and management responses from the original audit report (October 2013) plus updated management responses	Current finding(s) and any further recommendation(s)	Responsible officer, initial timescale October 2013) and revised timescales
1	<b>Risk: Business relationship management not in place</b>		
1.2	<p>All the experienced Highways Inspectors that were transferred to SCS have left and been replaced by less experienced personnel. Guidance should be provided on the training and education needed by Highways Inspectors.</p> <p>Evaluate Inspectors taking the City and Guilds 6033 qualifications, which covers Highways Inspection and Monitoring.</p> <p><b>Priority: High</b></p> <p><b>Auditee comment (October 2013)</b> Recommendations to be included in SCS Re-integration work-streams.</p> <p><b>Auditee comment (February 2014)</b> Issue has been impacted by the reintegration of SCS Streetsmart Services Highway Maintenance team into Highway and Transport as part of the SCS reintegration process.</p> <p>Highway Maintenance Operations Manager is developing a training plan for Highway Inspectors that provides for the required on-going training of inspectors. The plan will be in place by the end of April 2014. Training will start following the launch of the plan.</p>	<p><b>This recommendation has been implemented.</b> A training plan/matrix has been developed for the Highways Inspectors. Training is being delivered and recorded accordingly.</p> <p><b>New Recommendation</b> Evaluate risk profiling the training plan/matrix i.e.:  <ul style="list-style-type: none"> <li>• training satisfactorily completed and future training dates planned – green,</li> <li>• training falling due for refresh – amber,</li> <li>• in the event that relevant training has not been completed or has expired the member of staff should not undertake their job – red.</li> </ul> </p>	<p>Service Manager, Highway Infrastructure Management</p> <p><b>Original date</b> March 2014</p> <p><b>Revised date No 1</b> April 2014</p> <p><b>Revised date No 2</b> December 2014</p>
<b>Management response:</b>			
Implemented			

Ref.	Initial recommendation and management responses from the original audit report (October 2013) plus updated management responses	Current finding(s) and any further recommendation(s)	Responsible officer, initial timescale October 2013) and revised timescales
2	<b>Risk: Asset Management</b>		
2.1	<p>An issue was identified by Corporate Health and Safety, where about 150 bridges/structures had not been properly maintained and inspected. These structures were not the responsibility of Highways, rather other service delivery areas within the Council e.g. StreetSmart were responsible for a bridge in the Town Gardens. When this bridge was inspected, it was immediately closed to the public due to it being 'unsafe'.</p> <p>All non-Highways structure assets which were identified as not being appropriately managed should be added to the Highways asset register. This is to ensure they are regularly surveyed. The results of the surveys should be forwarded to the appropriate service area to take any necessary decisions over future action required, based on the results/recommendations arising from the survey.</p> <p><b>Priority: High</b></p> <p><b>Auditee's comment (February 2014)</b></p> <p>Awaiting budgetary provision via the capital bid process to support the integration of non-highway assets into the Highways asset register. A briefing session was prepared for Corporate Board on this issue and included an outline strategy which was developed to address this matter. This will involve Highways and Transport managing the structures going forward. Preliminary inspections of known structures undertaken by H2CMHill as part of investigation of issues with these structures.</p>	<p><b>Recommendations satisfactorily implemented.</b></p> <p>All known structures have been examined and condition scores obtained. A capital budget for 2014/15 of £230,000 has been included in the capital programme for work on the more critical bridges/ structures.</p> <p>A prioritised list of bridges/ structures has been drawn up by the Bridges/ Structures Engineer.</p> <p>There is a separate capital budget for 2014/15, of £100,000, for the bridge in the Town Gardens.</p> <p>These budgets do not sit with Highways and Transport but with Property. Any works will go through the Asset Management Committees once a scheme has been worked up by Highways and the service area that is responsible for the bridge/ structure.</p>	<p>Service Manager, Highway Infrastructure Management.</p> <p><b>Original date</b> December 2013</p> <p><b>Revised date</b> April 2014</p>
<b>Management response:</b>			
Implemented			

Ref.	Initial recommendation and management responses from the original audit report (October 2013) plus updated management responses	Current finding(s) and any further recommendation(s)	Responsible officer, initial timescale October 2013) and revised timescales
2	<b>Risk: Asset Management</b>		
2.2	<p>All retaining structures, embankments, earthworks, cuttings and safety barriers that are owned by the Council, should be identified, recorded and maintained.</p> <p>A risk based plan should be developed to achieve this, including appointing an officer to manage it.</p> <p><b>Priority: Medium</b></p> <p><b>Auditees comment (October 2013)</b> Asset data and condition survey will be collected for all retaining walls once the recently agreed bridge inspector post is filled in circa March 2014.</p> <p>A Policy should be developed for management of structural earthworks.</p> <p>Safety barrier asset has been identified along with essential repairs undertaken. Responsibility for maintenance rests with StreetSmart.</p> <p>These recommendations to be included in SCS Re-integration work-streams.</p> <p><b>Auditee comment (February 2014)</b> Awaiting recruitment of a Bridge Inspector. The recruitment has been impacted by the on-going consultation on the new Highways and Transport structure.</p>	<p><b>This recommendation is outstanding.</b></p> <p>To date it has not been possible to successfully recruit a candidate to the position of bridge/ structures engineer.</p> <p>Another recruitment advertisement has been issued with a closing date of the 16<sup>th</sup> October 2014.</p>	<p><b>Service Manager Highway Infrastructure Management</b></p> <p><b>Original date</b> December 2013</p> <p><b>Revised date No 1</b> April 2014</p> <p><b>Revised date No 2</b> June 2015</p>
<b>Management response:</b>			
<b>Agreed</b>			

Ref.	Initial recommendation and management responses from the original audit report (October 2013) plus updated management responses	Current finding(s) and any further recommendation(s)	Responsible officer, initial timescale October 2013) and revised timescales
<b>2</b>	<b>Risk: Asset Management</b>		
2.3	<p>Bridge condition surveys result in a score out of 100. A score in excess of 80 is considered satisfactory. A score below 80 often requires remedial work of some description. The current thinking in the Asset Management Team is that the average score for the entire bridge stock should be 85. This has not been formally agreed.</p> <p>A formal decision should be made on what the benchmark score should be for bridges before it is considered that remedial action is required / undertaken.</p> <p><b>Priority: Medium</b></p> <p><b>Auditee comments (February 2014)</b> Benchmark score to be agreed by start of 2014/15.</p>	<p><b>This recommendation is outstanding.</b></p>	<p>Service Manager Highway Infrastructure Management</p> <p><b>Original date</b> February 2014</p> <p><b>Revised date No 1</b> April 2014</p> <p><b>Revised date No 2</b> February 2015</p>
Page 76			
<b>Management response:</b>			
<p><b>Agreed</b> We will collect the evidence needed to show what different scores mean e.g. 85/100, 80/100, 75/100 etc. Then prepare a Members Briefing Note which will be discussed with and authorised by the Lead Member if they are in agreement.</p>			

Ref.	Initial recommendation and management responses from the original audit report (October 2013) plus updated management responses	Current finding(s) and any further recommendation(s)	Responsible officer, initial timescale October 2013) and revised timescales
2	<b>Risk: Asset Management</b>		
2.4	<p>A decision should be made on what data fields should be populated in the Confirm database and which fields can be left unpopulated.</p> <p>A plan should be drawn up to ensure that agreed data fields can be populated.</p> <p>Consider the cost benefit of operating a separate Pavement Management system or switching to using the Confirm system, thus having everything on one database.</p> <p>SCS access to Confirm to update street lighting records should be resolved. When resolved it should be ensured that any data not processed is retrospectively keyed to Confirm.</p> <p>Consider adding traffic signals to the Confirm database.</p> <p><b>Priority: Medium</b></p> <p><b>Auditee comments (February 2014)</b> Developing the use of management information systems such as Confirm is an on-going process linked with wider corporate business development initiatives. The Business Support Unit and IT Support Team have been involved in developing an action plan for 2014/15.</p>	<p><b>This recommendation is outstanding.</b> The CONFIRM management information system has been included in the Council wide review of Information Technology assets. This review is looking at what the Council's integrated IT assets should be going forward i.e. what databases, systems the Council should use and which ones can be de-commissioned.</p> <p>Depending on the outcome of the review this will have implications for CONFIRM.</p>	<p>Service Manager Highway Infrastructure Management</p> <p><b>Original date</b> March 2014</p> <p><b>Revised date No 1</b> April 2014</p> <p><b>Revised date No 2</b> March 2015</p>
<b>Management response:</b>			
<b>Agreed</b> The IT assets review intends to produce its proposals by March 2015. Once the future of Confirm is known this issue will be revisited and appropriate action taken.			

Ref.	Initial recommendation and management responses from the original audit report (October 2013) plus updated management responses	Current finding(s) and any further recommendation(s)	Responsible officer, initial timescale October 2013) and revised timescales
2	<b>Risk: Asset Management</b>		
2.5	<p>Evaluate introducing a budget for strategic drainage maintenance.</p> <p><b>Priority: Medium</b></p> <p><b>Auditee comment (October 2013)</b> Recommendations to be included in SCS Re-integration work-streams.</p> <p><b>Auditee comments (February 2014)</b> Awaiting budgetary provision via the capital bid process to support drainage improvements linked to LFRMS Action Plans.</p>	<p><b>Recommendation satisfactorily implemented.</b> For 2014/15 a capital budget of £300,000 was agreed for drainage (Cabinet/ Council February 2014). Discussions are on-going with Finance over financing for future years. Currently for the next two financial years it is proposed the budget remains at £300,000.</p> <p>Furthermore, the Service Manager Highway Infrastructure sees a role for the Highways Inspectors in this and is planning to discuss this with the Highways Inspectors in the near future. The Service Manager Highway Infrastructure believes that gully maintenance is key and would help alleviate flooding issues in some areas.</p>	<p>Service Manager Highway Infrastructure Management</p> <p><b>Original date</b> March 2014</p> <p><b>Revised date</b> April 2014</p>
Page 78			
<b>Management response:</b>			
Implemented			



Ref.	Initial recommendation and management responses from the original audit report (October 2013) plus updated management responses	Current finding(s) and any further recommendation(s)	Responsible officer, initial timescale October 2013) and revised timescales
2	<b>Risk: Asset Management</b>		
2.6	<p>Currently, the Council is unaware of all its drainage assets. As a Local Flood Authority, the Council is required to maintain a register of structures/features which have an effect on flood risk management. The Council is starting to identify its drainage assets. It is anticipated, with current resource, this could take 15 years or more. A decision should be made as to whether this is an acceptable timescale or whether an additional resource is allocated to reduce the time frame to carry out the exercise.</p> <p><b>Priority: Medium</b></p> <p><b>Auditees comment (October 2014)</b> The approach to drainage data asset collection will be addressed in the Local Flood Risk Management Strategy (LFRMS).</p> <p><b>Auditees comments (February 2014)</b> The collection of asset data will be prioritised based on issues identified in the LFRMS Action Plans.</p> <p>Action plan developed post adoption of LFRM strategy in July 2014</p>	<p><b>Recommendation satisfactorily implemented.</b> The Local Flood Risk Management Strategy and year one action plan was presented to, and agreed by, Cabinet in July 2014.</p> <p>In the summary to the Swindon Local Flood Risk Management Strategy (page 10) there is a list of objectives. Objective five "develop a prioritised action plan to manage flood risk by maintaining, and improving where appropriate, local flood risk management infrastructure and systems" under key actions to achieve the objective, includes the following "continue to improve our register of drainage and flood related assets".</p> <p>This will be achieved through implementation of the action plans developed, starting with the year one action plan.</p>	<p>Service Manager Highway Infrastructure Management</p> <p><b>Original date</b> December 2013</p> <p><b>Revised date</b> July 2014</p>
<b>Management response:</b>			
Implemented			

Ref.	Initial recommendation and management responses from the original audit report (October 2013) plus updated management responses	Current finding(s) and any further recommendation(s)	Responsible officer, initial timescale October 2013) and revised timescales
2	<b>Risk: Asset Management</b>		
2.8	<p>Currently, insurance data on claims made against the Council, citing the state of the highway, are not routinely provided to Highways and Transport.</p> <p>To do so may help with planning maintenance work. Details of insurance claims made against the Council citing the condition of the highway should be provided at least annually to Highways and Transport and StreetSmart and SCS.</p> <p><b>Priority: Medium</b></p> <p><b>Auditee comment (October 2013)</b> Recommendations to be included in SCS Re-integration work-streams.</p> <p><b>Auditee comments (February 2014)</b> Issue has been impacted by the reintegration of SCS StreetSmart Services into SBC. Revised process needs agreeing with reintegrated insurance team</p> <p>Insurance claims included in discussions for future meetings between Service Manager Highway Infrastructure Management and Service Manager Highway Construction Works.</p>	<p><b>Recommendation satisfactorily implemented.</b> An initial meeting was held in May 2014 between Highways and Transport and Insurance Manager to discuss claims made due to the condition of the roads and pavements.</p> <p>As part of an initiative to help all business areas understand their insurance costs, the Insurance Manager will provide quarterly reports to business areas. This will start in October 2014. For Highways this is split into pothole claims and slips/trips claims. It will show the number of claims; amount paid and value of reserve pending resolution of outstanding claims.</p>	<p>Service Manager Highway Infrastructure Management</p> <p><b>Original date</b> December 2013</p> <p><b>Revised date</b> April 2014</p>
<b>Management response:</b>			
Implemented			



# The Annual Audit Letter for Swindon Borough Council

**Year ended 31 March 2014**

20 October 2014

**Elizabeth Cave**

Director

T (0)7880 456128

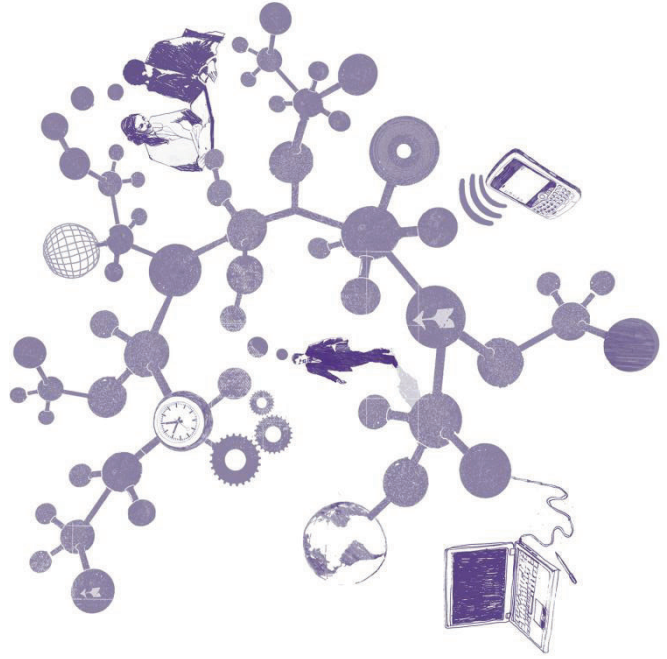
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# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Swindon Borough Council ('the Council') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 15<sup>th</sup> April 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

<b>Financial statements audit (including audit opinion)</b>	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 16<sup>th</sup> September to the Audit Committee. The key messages reported were:</p> <ul style="list-style-type: none"><li>• We did not identify any material adjustments to the accounts affecting the Council's reported financial position.</li><li>• We agreed a number of amendments to the presentation of the accounts particularly with regard to the disclosure of capital expenditure, property plant and equipment.</li><li>• Following our recommendations last year, the Council reviewed its balance relating to the Wichelstowe development. This balance was previously held within assets under construction. This year £55m was transferred to infrastructure assets and £14m was eliminated from the balance sheet.</li></ul> <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 19<sup>th</sup> September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p>
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# Key messages

<b>Value for Money (VfM) conclusion</b>	<p>We issued an unqualified VfM conclusion for 2013/14 on 19<sup>th</sup> September 2014.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014. In completing our work we considered:</p> <ul style="list-style-type: none"> <li>- Financial resilience, we concluded that the Council has satisfactory arrangements for planning and controlling its finances. There remain inherent risks to the Council's medium term financial resilience arising from the unprecedented pressure on local authority budgets. Identification and delivery of sufficient savings to balance the budget from 2016-17 onwards remains a significant challenge.</li> <li>- Service transformation, we completed a high level review of progress on the Council's five transformational projects. Overall we found the programme is progressing well in most areas, that it has delivered significant savings to date and will continue to be a substantial contributor of savings over the next two years. There is scope to evaluate progress in some areas such as economic growth.</li> <li>- Project management arrangements, we focused on arrangements for taking forward the Wichelstowe development. This is a complex and challenging scheme, at the time of our review (June 2014) we found the Council had established suitable governance arrangements.</li> </ul> <p>We made three recommendations included in appendix A.</p>
<b>Whole of Government Accounts</b>	<p>We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.</p>
<b>Certification of grant claims and returns</b>	<p>Our review of your grant claims and returns is on-going at October 2014 and is due to be completed by December. The findings will be reported in our annual certification report to be issued early in 2015.</p>
<b>Audit fee</b>	<p>Our fee for 2013/14 was £171,170, excluding VAT, which was an increase of £1,070 over the fee reported in our audit plan. This increase was in respect of work on material business rates balances. The work was previously carried out as part of our certification work for the national non domestic rates (NDR) return and the fee was included in the certification fee in previous years. We were not required to certify the NDR return this year. Further detail is included within appendix B.</p>

# Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

No.	Issue and recommendation	Management response/ responsible office/ due date
1.	<p><b>Financial resilience</b> The Council has a strong track record of containing its expenditure within budget. Nevertheless the local government sector faces unprecedented financial challenges over the next 3 years. Swindon's financial plans reflect the complexity of the Council and include a wide range of risks for example from the performance of partners, or grouped companies.</p> <p><b>Recommendation:</b> Members need to continue to show strong leadership in decision making to ensure the Council remains financially resilient.</p>	Officers will continue to work with Members through the robust financial planning process.
2.	<p><b>Wichelstowe</b> The Council is going through a complex tendering process to appoint a private sector partner to work with in developing Wichelstowe. The site will be developed over a number of years and the Council will need to ensure that it has sufficient capacity on the proposed joint venture board to ensure the Council's interests continue to be protected.</p> <p><b>Recommendation:</b> The Council should ensure it has sufficient representation on the joint venture board.</p>	<p>Agreed</p> <p>Due date: Will be reviewed in line with the development of the joint venture board.</p>
3.	<p><b>Service transformation</b> We conducted a high level review of the progress achieved with the five transformational projects in order to assess the extent to which they are on course to deliver required savings. We found the original planned contribution from the economic growth project will not be achieved.</p> <p><b>Recommendation:</b> The Council should review its plans for economic growth to ensure that assumptions remain valid.</p>	<p>Agreed</p> <p>Due date: April 2015</p>

# Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and the provision of non-audit services.

## Fees

	Per Audit plan	Actual fees
	£	£
Audit Fee	170,100	*171,170
Grant certification fee	16,700	** 16,700
<b>Total fees</b>	<b>186,800</b>	<b>187,870</b>

**\*Fee variations – business rates.** There is an additional fee of £1,070 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NDR returns. The additional fee is 50% of the average fee previously charged for NDR certification work at unitary councils.

**\*\* Our certification work is on-going.** The final fee will be reported to the Audit Committee early in 2015 as part of our annual certification report.

## Fees for other services

Service	Fees £
Independent business review of wholly owned subsidiary of the Council	20,000

## Reports issued

Report	Date issued
Audit Plan	15 <sup>th</sup> April
Audit Findings Report	16 <sup>th</sup> September
Certification report	January 2015
Annual Audit Letter	20 <sup>th</sup> October 2015





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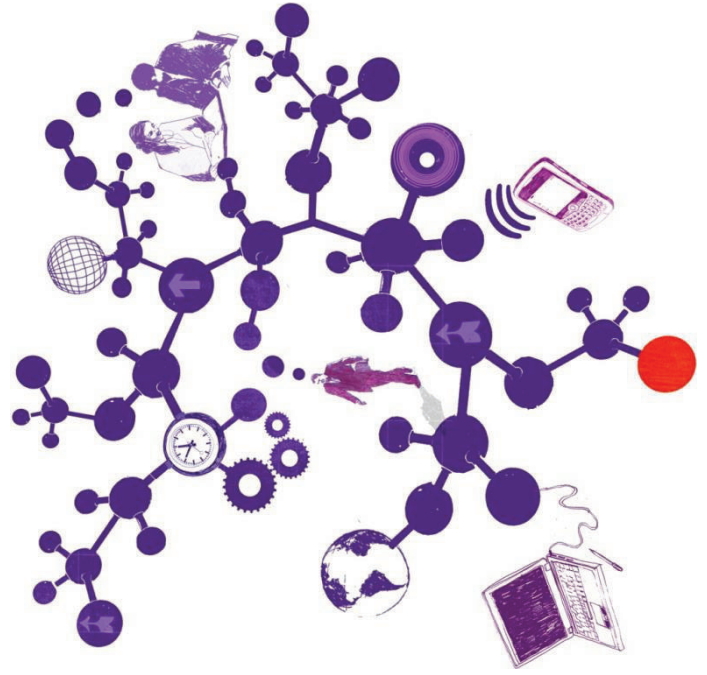
# Audit Committee Update for Swindon Borough Council

**Year ended 31<sup>st</sup> March 2014**

4<sup>th</sup> November 2014

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Emerging issues and developments	7-13

# Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes a summary of emerging national issues and developments that may be relevant to you as a Borough Council.

Members of the Audit Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

- Local Government Governance Review 2014
- Towards a tipping point?
- The migration of public services
- The developing internal audit agenda
- Reaping the benefits: local government welfare reform
- Surviving the storm: how resilient are local authorities?
- Alternative delivery models

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Chris Hackett Audit Manager T 01173 057876 M 07880 456130 [Chris.I.Hackett@uk.gt.com](mailto:Chris.I.Hackett@uk.gt.com)

## Progress at 4<sup>th</sup> November 2014

Work	Planned date	Complete?	Comments
<b>2013-14 Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2013-14 financial statements.	30 <sup>th</sup> April 2014	Yes	Reported to the Audit Committee meeting held in April
<b>Interim accounts audit</b> Our interim fieldwork visit includes: <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• Initial work on the proposed Value for Money conclusion.</li> </ul>	January to April 2014	Yes	We have completed our interim work including updating our assessment of the Council's control environment, walk through of controls, discussion of emerging issues and early testing
<b>2013-14 final accounts audit</b> Including: <ul style="list-style-type: none"> <li>• audit of the 2013-14 financial statements</li> <li>• proposed opinion on the Council's accounts</li> <li>• proposed Value for Money conclusion.</li> </ul>	July to September 2013	Yes	This work is complete, we issued our opinion in line with the Government timetable.

## Progress at 8<sup>th</sup> September 2014

Work	Planned date	Complete?	Comments
<b>Value for Money (VfM) conclusion</b> The scope of our work to inform the 2013/14 VfM conclusion comprises: <ul style="list-style-type: none"> <li>• An initial risk assessment;</li> <li>• A detailed review of arrangements against criteria specific by the Audit Commission;</li> <li>• Reviewing key documents; and</li> <li>• Discussions with officers.</li> </ul>	September 2014	Yes	
<b>Other areas of work</b> <ul style="list-style-type: none"> <li>• Certification of claims and returns including the Housing Benefits claim.</li> </ul>	November 2014		We presented our Certification work plan to the April Committee meeting. Initial testing commenced in June. We are on schedule to complete this work which now may include an additional claim, NHS Act 2006 s256/257 joint finance, subject to the guidance being finalised. This latter claim will have a 31 December deadline.
<b>Other activity undertaken</b> We have been liaising with officers to discuss issues affecting the year end accounts.	On-going		



# Code changes – have your say

## Accounting and audit issues

At the end of July, CIPFA/LASAAC released the [2015/16 Code of Practice on Local Authority Accounting in the United Kingdom](#) (the Code) Exposure Draft (ED) and Invitation to Comment (ITC) for public consultation. The changes proposed in the ITC include:

- IFRS 13 fair value measurement: the proposed approach would result in remeasurement of property, plant and equipment assets that do not provide service potential for the authority. IFRS 13 also applies to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions) and will have an impact on the reporting of, for example, financial instruments and investment properties.
- Other amendments to IFRSs: including the accounting treatment of pensions' contributions
- IFRIC 21 Levies (ie levies imposed by governments)
- changes to UK GAAP particularly relating to Heritage Assets
- other minor and drafting amendments.

The consultation closed on Friday 10 October 2014.

CIPFA/LASAAC have also launched a second stage consultation on [simplifying and streamlining the presentation of local authority financial statements](#). This consultation closed on Friday 19 September 2014.

## CIPFA LAAP updates

### Accounting and audit issues

CIPFA have issued the following LAAP Bulletins:

- [LAAP bulletin 99](#) Local Authority Reserves and Balances – provides guidance on the establishment and maintenance of local authority reserves and balances.
- [LAAP bulletin 100](#) Project Plan for Implementation of the Measurement Requirements for Transport Infrastructure Assets by 2016/17 – provides an outline project plan to help authorities looking to develop their own project plans for the implementation of the 2016/17 Code requirements for accounting for infrastructure assets.

# Where Growth Happens

## Grant Thornton

Our national report 'Where Growth Happens' is available at: <http://www.grant-thornton.co.uk/en/Where-growth-happens/>

As the UK emerges from recession, increasing attention is being given, both nationally and locally, as to how to accelerate economic sector growth. Our report presents the findings of research undertaken by our Place Analytics team on the dynamics of local growth. It will give FDs and CEOs of local authorities and LEPs:

- an insight into the geographic areas of high growth and dynamic growth (ie the quality of growth)
- an understanding of the characteristics of both growing and dynamic places to help frame policy and sustain future growth
- an understanding of growth corridors and their implications, not only for UK policy makers, but also for those locally sitting within and outside the corridors
- an insight into the views of different leaders charged with making growth happen in their locality.

The report provides a ranking of English cities according to their economic growth over an eight year period (2004 – 2012). Outside of London – which maintains eight of the top 10 best performing districts overall – it places Manchester, Birmingham and Brighton and Hove in the top three, as measured by economic, demographic and place (dwelling stock and commercial floor space) growth.

The analysis also assesses the quality of local growth - or 'dynamism' - to identify areas with a vibrant and dynamic economy capable of supporting future expansion, based on five key drivers. London again tops the ranking, with nine out of the top 10 dynamic growth areas. Outside the capital, Cambridge, Reading and Manchester top the list of future sustainable growth.

Based on this analysis of past progress and future prospects, our report reveals a number of 'growth corridors' – functional and large scale local economic areas in England – which are playing a significant role in the country's overall growth levels. Though predominantly stemming from London, the intra-city growth corridors include a number of other large cities at their core, creating a network of key strategic linkages between high growth and dynamic areas.

Hard copies of our report are available from your Engagement Lead or Audit Manager.

# New routes to housing development

## Grant Thornton

We have issued the first in a series of good practice papers on topical issues for local government.

This paper considers good practice in councils' approaches to delivering affordable housing. Until recently, local authorities have acted as an enabler of new affordable housing; increasingly they are now undertaking a direct delivery role. Delivery routes vary and must be structured with the council's objectives and capacity in mind as there is no 'one size fits all' approach. The paper considers the benefits and challenges of council owned housing companies, including:

- Setting and delivering objectives
- Identifying optimal funding routes
- Assessing viability and working with others

The paper stresses the importance of a properly developed business case and business plan to support the setting up of a housing company.

Copies of our good practice paper are available from your engagement lead or audit manager.

# Managing council property assets

## Local government guidance

The Audit Commission has issued its briefing paper **Managing Council Property Assets: Using Data from the VFM Profiles**

In the paper the Audit Commission:

- advocates that councils should be active and strategic managers of their estates – understanding property markets and asking questions about the properties they own or lease,
- prompts councils to consider whether assets are in the right place, whether they should keep, sell, or transfer them, and how much they should invest in building, buying and maintaining property,
- invites local authorities to balance the value realised through sales of surplus assets, against the cost of maintaining them.

The background to the briefing is the collation of information from the government's capital outturn return which identifies that the local government estate has a net book value of £169.8 billion of which £2.5 billion have been classified as 'surplus' assets. In this context the Audit Commission is calling on councils to ensure they have a strategic approach to managing these assets, in order to get the best value for money they can from this portion of the local government estate. The Audit Commission Chair, Jeremy Newman said:

*"we are neither advocating that local government starts a wholesale sell-off of their land and property nor are we suggesting councils shouldn't spend money on buying assets or on investment to improve their existing property. What we are highlighting is a group of assets that do not provide immediate benefit to local communities, but still require councils to spend money on maintaining them. These assets have potential value for councils. While not all such land or buildings may be sellable, councils should consider how much value they gain from surplus assets and how this could be increased. I urge councils to use the data held in the Commission's 'Value for Money (VFM) Profiles Tool', such as spending on and value of land and property assets and 'surplus' assets, alongside their unique and detailed local knowledge, to regularly review if their estate is fit-for-purpose."*

# The National Fraud Initiative

## Local government guidance

On 12 June 2014 the Audit Commission released its national report, [The National Fraud Initiative \(NFI\): National Report \(June 2014\)](#) highlighting that its data matching exercise has identified a further £229 million of fraud, overpayment or error in England, Scotland, Wales and Northern Ireland, since it last reported in May 2012. The Chairman of the Audit Commission, Jeremy Newman said;

*"We publish a report from the NFI every two years and continue to produce great results. The national figure for identified fraud, error and overpayment, that would otherwise be lost to the taxpaying public, is down by £46 million compared to the previous report although the number of cases has increased by nearly 20 per cent. This is great news if, as we believe, it is due to improving detection rates. However, we cannot be complacent. The more participants in the exercise, the richer the data for everyone involved and the harder it is for fraudsters to hide from detection".*

The Audit Commission's National Fraud Initiative will move to the Cabinet Office in April 2015 to secure the continuation of the counter fraud data matching initiative which over its 18 year history has identified over £1.17 billion in fraud, error and overpayment .



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## Head of Internal Audit Update

### **Audit Committee**

**Date: 4<sup>th</sup> November 2014**

Author: Head of Internal Audit  
Wards: None  
Locality Affected: None  
Parishes Affected: None

---

### **1. Purpose and Reasons**

- 1.1 To present Members with a summary of the main issues arising from the Internal Audit reports finalised since the Audit Committee meeting in September 2014, to update Members with regard to progress against the annual internal audit plan and other key issues.
- 1.2 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.3 The Council's Internal Audit section is a key component of the assurance framework and therefore it is essential that this Committee monitor its performance against the annual plan along with the implementation of agreed recommendations by Client departments.

### **2. Recommendations**

The Committee is recommended to:

- 2.1 It is recommended that the contents of the report be noted.

### **3. Detail**

Reports Issued

- 3.1 Details of Internal Audit reports finalised since the September 2014 Audit Committee are set out in Appendix 1. The appendix sets out the key audit recommendations made along with the overall risk assessment to the Council.

Progress on completion of Internal Audit Plan 2014/15

- 3.2 The progress made against the 2014/15 audit plan is set out in Appendix 2.
- 3.3 To date 51% of the number of audits in the Annual Internal Audit plan has been completed against a target of 56% as at the end of October 2014.

Risk Management

- 3.4 The Council's Risk Manager has been moved to the Internal Audit section for a temporary period whilst the support services reorganisation/restructure is being completed.
- 

Further information on the subject of this report can be obtained from Nick Hobbs,  
Direct Dial Telephone Number: 01793 463940, [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk).

## Head of Internal Audit Update

### **Audit Committee**

**Date: 4<sup>th</sup> November 2014**

#### Internal Audit staffing

One of the section's Senior Auditors has successfully applied for another job, Finance Manager, Housing, Treasury and Growth and will therefore be leaving the section in December.

#### Counter fraud fund bid

- 3.5 We are still waiting to hear whether we have been successful in our bid to the DCLG for Counter Fraud funding. It is anticipated that a decision will be made in the next few weeks.

### **4. Alternative Options**

- 4.1 Not Applicable

### **5. Implications, Diversity Impact Assessment and Risk Management**

#### Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report.

#### Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2011. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

#### All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None

#### Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.4 Internal Audit's remit is to examine the adequacy of the Council's governance, risk management and internal controls. Effective systems of governance, risk management and internal control within the Council will help to ensure that the objectives set out in One Swindon and the Council's Corporate Strategy is achieved.

#### Diversity Impact Assessment

- 5.5 None

#### Risk Management

- 5.6 Potential risks to the Council are identified in the individual audit reports summarised in Appendices 1 and 2.

---

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, [nhobbs@swindon.gov.uk](mailto:nhobbs@swindon.gov.uk).

## Head of Internal Audit Update

**Audit Committee**

**Date: 4<sup>th</sup> November 2014**

### **6. Consultees**

- 6.1 The Board Director: Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 6.2 All Heads of Service, Board Directors and Members who have contributed to individual audits during the course of 2014/15.

### **7. Background Papers**

- 7.1 None

### **8. Appendices**

Appendix 1 – Internal Audit Reports finalised since the September 2014 Audit Committee.

Appendix 2 – Progress against the Internal Audit plan 2014/15

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<b>Audit Title:</b>	Property Asset Management – 2013/14				<b>Date of Report:</b>		October 2014
<b>Number of 'High Priority' Recommendations:</b>		0	<b>Current Audit Opinion:</b>	2	<b>Previous Audit Opinion:</b>	2	<b>Overall Evaluation (Risk):</b>
<b>Moderate</b>							
<b><u>Key Recommendations</u></b> There were no key recommendations made as a result of the review.							

<b>Audit Title:</b>	Health and Safety: Leisure (The Link) Pilot review				<b>Date of Report:</b>		September 2014
<b>Number of 'High Priority' Recommendations:</b>		2	<b>Current Audit Opinion:</b>	3	<b>Previous Audit Opinion:</b>	2	<b>Overall Evaluation (Risk):</b>
<b>Moderate</b>							
<b><u>Key Recommendations</u></b> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> <li>The responsible person or service manager at sites should work with Corporate Health and Safety and Property Services to ensure there is appropriate governance and risk escalation structure established. This is to provide a view of safety and assurance for both the site specific responsibilities for 'soft facility management' and corporate responsibilities for 'hard facility management'.</li> <li>Health and Safety roles and responsibilities should be checked for inclusion in responsible officer/person job descriptions and/or building lease agreements.</li> </ul>							

<b>Audit Title:</b>	Sheltered Housing: Cash Handling				<b>Date of Report:</b>		August 2014
<b>Number of 'High Priority' Recommendations:</b>		0	<b>Current Audit Opinion:</b>	2	<b>Previous Audit Opinion:</b>	3	<b>Overall Evaluation (Risk):</b>
<b>Moderate</b>							
<b><u>Key Recommendations</u></b> There are no key recommendations made as a result of the review.							

<b>Audit Title:</b>	Debtors Under Query			<b>Date of Report:</b>		September 2014
<b>Number of 'High Priority' Recommendations:</b>	3	<b>Current Audit Opinion:</b>	N/A	<b>Previous Audit Opinion:</b>	N/A	<b>Overall Evaluation (Risk):</b>
<b><u>Key Recommendations</u></b> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> <li>• Requests by Credit Control for information to support disputed invoices should be provided within a reasonable period, to be determined and published by the department. A failure to respond within a reasonable period should be escalated to the Head of Service and then Board Director to ensure a prompt resolution to disputes.</li> <li>• Heads of Service Areas should be sent a quarterly report of all invoices that are under query in their department (Crystal Report AR023) by Credit Control. They should be required to respond to Credit Control within a set number of days to provide them with the information required to resolve the dispute and advise them of the action being taken, or to pass the invoices back to be pursued.</li> <li>• Due to the complexities regarding some of the outstanding debts relating to Property Assets it is recommended that regular meetings are held between a member of the debtors and property sections. This would help to ensure that debtors are kept informed of the latest position regarding these outstanding debts and reduce the need for frequent queries being raised. It is understood that these meetings have been scheduled in as part of the monthly budget monitoring process.</li> </ul>						

<b>Audit Title:</b>	Highways Asset Management			<b>Date of Report:</b>		October 2014
<b>Number of 'High Priority' Recommendations:</b>	1	<b>Current Audit Opinion:</b>	3	<b>Previous Audit Opinion:</b>	3	<b>Overall Evaluation (Risk):</b>
<b><u>Key Recommendations</u></b> The key recommendation made as a result of the review is: <p>Progress has started on implementing the key outstanding recommendation from the original report however a considerable amount of work is still required:</p> <p>The need to formally define the scope of the highways delivery service, performance criteria and relevant roles and responsibilities etc.</p> <p>The reintegration of SCS has had a significant impact on this recommendation and a revised timescale of October 2015 has been indicated by the Head of Service.</p>						

Audit Title:	Right to Buy	Date of Report:			August 2014		
Number of 'High Priority' Recommendations:	6	Current Audit Opinion:	3	Previous Audit Opinion:	3	Overall Evaluation (Risk):	Of Concern
<b>Key Recommendations</b>							
The key recommendations made as a result of the review are:							
<ul style="list-style-type: none"><li>The case identified through testing should be investigated further to determine, whether:<ul style="list-style-type: none"><li>The tenant was residing at his owned property or his council tenancy from 1/11/06 to 22/5/08.</li><li>Whether the housing benefit claimant was residing at the property claimed for, or at the tenant's council property from 1/11/06 to 22/5/08.</li></ul></li></ul>							
The RTB application should be put on hold until the investigation has been completed.							
<ul style="list-style-type: none"><li>Checks into the possibility of tenancy fraud should be included as part of the Right to Buy process. This should include the following:<ul style="list-style-type: none"><li>A cross-check of data held by Housing Tenancy Fraud Team to establish whether there is any on-going investigation into tenancy fraud at the property.</li><li>The use of the council tax system to determine whether the applicant/s has been liable for council tax at another property, other than their recorded tenancies during the time which their discount period has been based upon.</li><li>The use of Equifax credit checking service should be considered, although there is a cost for each check carried out.</li><li>Other internal data matching can be used to determine whether a fraud has taken place. A decision will need to be made on who will complete these checks. This could be part of a wider decision to set up a corporate fraud team, or allocated to existing departments, such as Internal Audit.</li></ul></li><li>As part of the Right to Buy process checks should be carried out on the tenant's right to remain in the UK to establish that they are eligible.</li><li>The use of warnings to applicants on the use of their data for the prevention of fraud and money laundering may act as a deterrent for applicants. Therefore this should be included on the Right to Buy pages on the Council's website, or on the application forms. It should be ensured that the downloadable version of the application form contains the Council's fair processing notification.</li><li>Where it is identified that an applicant has single person's discount in place when their Right to Buy application has another person living with them who is not on the tenancy, the application should be refused and the information passed to the Council Tax team for investigation.</li><li>The list of RTB applications provided to the Benefit Fraud Team should include the date that the application was received, to identify whether there is an overlap in a live benefit claim and RTB application being submitted in order to investigate potential benefit or tenancy fraud. It should also contain details of the applicant so that checks can be performed to identify whether they have benefit claims at another property, which could be an indication of tenancy fraud.</li></ul>							

Audit Title:		Troubled Families Follow-up			Date of report:		September 2014
Number of High Priority Recommendations:		N/a	Current Audit Opinion:	N/a	Previous Audit Opinion:	3	Overall Evaluation (Risk): N/a
<p><b>Key Findings and Recommendations</b></p> <p>In line with good practice a follow up review was conducted to provide assurance that the weaknesses identified in the 2013 audit review of the Troubled Families Programme had been addressed. The Swindon Troubled Families Programme recently underwent an inspection by the Communities and Local Government (CLG) Troubled Families Unit. Following their inspection, the CLG representative stated:</p> <p><i>"No significant issues were identified during the spot check process and a good handle on data was demonstrated. I am pleased to say that at this point I am not recommending that you are spot checked again during this phase of the programme".</i></p> <p>The work undertaken by Internal Audit on the quarterly grant claims for Troubled Families has informed this follow up review, which supports the findings of the CLG spot check. Of the ten recommendations made in the initial review, eight have been fully implemented and work is progressing on implementing the remaining two recommendations. No new recommendations were made.</p> <p>Following the audit of the October 2014 claim, the Council are also expected to achieve the target of turning around 65% of families which will allow the Council to start working on the next Phase of the Troubled Families programme early in 2015. This indicates that significant progress has been made which will continue to be monitored through the quarterly claims which are audited before being submitted to the CLG.</p>							

Audit Title:		NNDR3 Claim 2013/14			Date of report:		September 2014
Number of High Priority Recommendations:		N/a	Current Audit Opinion:	N/a	Previous Audit Opinion:	N/a	Overall Evaluation (Risk): N/a
<p><b>Key Findings and Recommendations</b></p> <p>The review of the NNDR3 Claim was undertaken at the request of the Board Director. Resources to provide assurance that the NNDR3 return for non-domestic rates was completed correctly and that the figures contained therein accurately reflected the non-domestic rating income received by the Authority during 2013-14.</p> <p>The Department for Communities and Local Government require Authorities to submit their NNDR3 Returns following the audit of their Financial Statements. The Council's External Auditors confirmed that they would not be conducting a review on the returns this year as they have in previous years.</p> <p>On the basis of the testing conducted, it was the Auditor's opinion that the data used in the completion of the NNDR3 reflected an accurate position of the Council's non-domestic rating fund collection account and could therefore be signed off by the Board Director. Resources as the authority's Section 151 Officer and submitted to DCLG. The Claim was duly submitted to the Department for Communities and Local Government (DCLG) before their deadline of 30th September, 2014.</p>							



Audit Title:		Isambard Community School		Date of Audit:		October 2014	
Number of High Priority Recommendations:		12	Current Audit Opinion:	4	Previous Audit Opinion:	N/a	Overall Evaluation (Risk):
							Significant

**Key Findings and Recommendations**

Isambard Community School is one of two secondary schools serving the Northern Sector of Swindon. With approximately 1,140 pupils on roll, it is a PFI school using a shared site with three other schools, two of which are special schools. The School is currently facing a number of significant changes which will have an influence on how the School operates going forward. These include a change of Head Teacher and Business Manager, falling pupil numbers, falling academic standards, and at the time of the audit, a predicted budget deficit in 2016/17 of £757,000 and the desire to convert to an academy.

The audit review found that the School's three-year financial plan, used for Financial Planning, Budgetary Control and Budget Setting, was not based on robust information and had resulted in inaccurate budgets being set. Significantly, budgets were not supported by an up-to-date staffing review or School Development and IT Development Plans. As a result we have been unable to confirm that effective financial management is in place to enable the School to optimise their use of resources to provide high-quality teaching and learning, and so raise standards and attainment for its pupils.

A review of the Finance / Asset Management Committee minutes identified that Governors undertook Budget Monitoring only three times during the last financial year, with the first indications that a significant surplus was being generated being reported one month before year end. Minutes show that the then Business Manager informed the Governors that the School had permission from the LA to exceed the normal rollover limits allowed for maintained schools, when such authorisation had not been given. There was no evidence of challenge from Governors on how the rollover had arisen or on any discussion and agreement on exactly what it would be used for in later years.

It was not possible to confirm that the Governing Body was fulfilling its statutory responsibilities. A review of the governance arrangements conducted by the Council's Governors Support section in March 2014 raised a number of the issues found in this audit, however action had not been taken to implement recommendations made to improve governance arrangements.

Examination of the School's governance procedures identified that the School's Financial Value Statement had been prepared by the previous Business Manager and issued to all Governors for comment/challenge prior to sign off by the Chair of Governors. The self-assessment did not correlate with the findings from this audit review, in some cases there were significant differences. Meeting minutes showed there was a general lack of challenge and discussion on financial matters by Governors and critically, some key financial decisions were not recorded in the minutes of Governors meetings, including the approval of the budget at the Full Governing Body meeting. Decisions were also made via email outside of the meeting cycle but not subsequently recorded in any minutes.

In summary, the audit review identified a number of fundamental control weaknesses that jeopardised financial stability and performance at the School. The School and Governing Body now need to urgently address the issues raised in the action plan in the audit report. Working in conjunction with Governor Support and the Local Authority, the School's Financial Planning, Budget Management and Governance procedures must be improved significantly to ensure resources can be managed effectively in driving school improvement and financial stability going forward.

Audit Title:	Workforce Engagement				Date of Report:		October 2014
Number of 'High Priority' Recommendations:	3	Current Audit Opinion:	3	Previous Audit Opinion:	n/a	Overall Evaluation (Risk):	Of Concern
<p><b><u>Key Recommendations</u></b></p> <p>The key recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> <li>• A common definition for what workforce engagement means in SBC, including its key components and the strategies in place, should be agreed, in order to help with people's understanding of the concept of workforce engagement and of what the overall agenda is for this work. In addition, there should also be a common language used across engagement activity, to ensure consistency across work in this area.</li> <li>• A robust and formalised programme management methodology should be applied to the People and Development (P&amp;D) work planned for 2014/15 and beyond, to ensure that each strategy or piece of work that has an impact on workforce engagement is aligned, suitably governed and monitored under a single framework.</li> <li>• Although workforce engagement messages will likely need to be commissioned through the Communications and Insight Team going forward, a communication approach to workforce engagement should be established and agreed using the expertise held between the People and Development Team and the Communications and Insight Team, to maximise the impact of any messages. In particular, the communication strategy should enable sharing of good practice and success stories across the Council.</li> </ul>							

Managed Audits Completed ( Audits ) - Draft

	April	May	June	July	August	September	October	November	December	January	February	March
Managed Audits Completed					Council Tax		Housing Benefits					
(total 10)					NNDR		Creditors					
							Asset Management					
Managed Month Total	0	0	0	0	2	0	3	0	0	0	0	0
Managed Cumulative Total	0	0	0	0	2	2	5	5	5	5	5	5
Managed Target %	0	0	0	20	30	50	70	80	80	80	80	100
Managed Achieved %	0%	0%	0%	0%	20%	20%	50%	50%	50%	50%	50%	50%

Total Non Managed Audits Completed - Draft

	April	May	June	July	August	September	October	November	December	January	February	March
Other Audits Issued	SEN Transitions	Troubled Families Grant (Jan claim)	Inv 14/15 - 1	Health & Safety Leisure Pilot	Rating the Capital Programme	Licensing	Out of Hours Service					
Target: 102 (inc. provision for investigations)	NHS IT Toolkit	Troubled Families Grant (April claim)	Annual Governance Statement	Sheltered Housing Cash Handling	Car Parking Services	WB 14/15 -1	Healthwatch					
	Significant ICT risks	PCI Compliance (doc review)	Adoption Reform Grant	Carbon Reduction Commitment	Isambard School	Community Equipment Stores	Business Continuity					
	Policy Review: HR / Whistleblowing	HB, CTAX & NNDR system control	Inv 14/15 - 7	Duplicate Payments (2)	Debtors under query	Troubled Families: Flup	Highways AM F/UP					
	Main Accounting 13/14	Inv 14/15 - 2	Library Strategy	UK Broadband	Right to Buy	NNDR3 Claim	Emergency Accommodation					
	Information Governance Policy	Payroll system control	IT Policy Framework		Funded Early Years Provision	IT Corporate issues	Car Park flup					
	NFI	Public Health Grant determination			Inv 14/15-8	WB 14/15 - 2	Inv 14/15 - 7: lessons learned					
	Penetration Testing (scope)	Council Tax discounts				Funding Early Years Provision						
	Workforce engagement					Inv 14/15 - 9						
	Mobile Device Mgmt solution											
Non-managed total for month	10	8	6	5	7	9	7	0	0	0	0	0
Cumulative non managed audits	10	18	24	29	36	45	52	52	52	52	52	52

	April	May	June	July	August	September	October	November	December	January	February	March
Overall target: 112 audits												
Overall Month Total Audits	10	8	6	5	9	9	10	0	0	0	0	0
Overall Total Audits	10	18	24	29	38	47	57	57	57	57	57	57
Target Completion of Plan %	8	16	24	32	39	47	56	65	71	78	87	94
Audit Plan Achievement %	9%	16%	21%	26%	34%	42%	51%	51%	51%	51%	51%	51%

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