

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

Greendown Community School

AUDIT COMMITTEE

Date: 30th March 2010

Author: Head of Internal Audit

Wards Affected: None

Purpose

Members requested that at least one individual audit report be presented to each meeting of the Committee. This report should be one that has been classified as being of 'significant risk' or 'of concern', if one had been issued since the previous meeting of the Committee. If not, then a report would be selected in liaison with the Chair of the Audit Committee.

Recommendation

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

1 Reasons

- 1.1 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.
- 1.2 Internal Audit's terms of reference require that at least one individual audit report be submitted to each meeting of the Committee.
- 1.3 Audit Committee requested that the Internal Audit report and the Financial Management Standard in Schools (FMSiS) assessment for Greendown Community School be brought to the next committee meeting.

2 Detail

- 2.1 A copy of the Internal Audit report is attached as Appendix 1 and the FMSiS assessment as Appendix 2. The report was finalised in November 2009 and an overall risk assessment of 'Of Concern' was given. The school also failed to meet the standards required by the DCSF's FMSiS assessment criteria.
- 2.2 The key recommendations made in the Internal Audit report include:
 - A review should be conducted of the information used when the 2009/10 predicted deficit budget was initially identified of £161k, to establish the reasons for the significant variance compared to the

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amount reported to the LA in June 2009 of £272,515 (69% increase), on the school's budget template.

- The review should include detailed costings to establish whether all anticipated factors and historic trends have been accounted for and to confirm the budget set is realistic and achievable. The school should seek assistance from the LA's Finance Team in conducting this review. The results from the review should be submitted to the Group Financial Manager for Children Services to establish whether the budget needs to be restated and a revision to the licensed deficit agreed with the LA.
- A detailed action plan should be produced to address the school's deficit budget, which should be monitored by the School's Finance Committee and regularly reported on to the Full Governing Body.
- All actions identified in the School Development Plan, which have an associated financial implication to the school, should be fully costed and provision made for this expenditure in the school's budget.
- Detailed budget monitoring information should be produced for Governors to allow for robust monitoring and challenge.
- A central contract register should be devised and maintained detailing all contracts in place, their expiry date, and annual cost and contract coverage. This register should also be used as a record to confirm that adequate insurances and policies are in place.
- In accordance with Financial Regulations for schools, quotes and formal tendering procedures should be established when expenditure is expected to exceed, £1k and £50k respectively.
- Segregation of duties should be established within the HR/Payroll function.
- A review of the catering budgets should be conducted to confirm that the anticipated level of income is achievable.
- An action plan to increase catering turnover should be devised, using information obtained from the school meals cashless system to identify areas where take up can be increased.
- The school fund accounts for the year ending 30th June 2008 should be prepared and submitted for audit immediately.
- School Fund bank reconciliations should be conducted promptly, upon receipt of the bank statement.
- The school should seek assistance from the LA in developing a school specific Disaster Recovery, Business Continuity and Emergency Plan.

- 2.3 FMSiS is a mandatory requirement to provide assurance to the Department, HM Treasury, National Audit Office and Local Authorities that schools have adequate arrangements in place to manage their resources effectively. All schools are legally required to meet the Standard by March 2010.

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- 2.4 As the school have not met the required standards, a reassessment is required. This has been booked for w/c 12th April 2010 to give the school time to fully document the 2010/11 budget setting process.
- 2.5 The key areas the reassessment will focus on are the governance arrangements at the school, financial planning and budgetary control. The reassessment will include a follow up of the recommendations made in the Internal Audit report.
- 2.6 The audit report and FMSiS assessment are submitted for Members consideration. The Headteacher, Greendown Community School has provided an update on progress against the audit recommendations (see Appendices 1 and 2).

Alternative Options

Not Applicable

Risk Management

Financial and Procurement Implications

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

Legal/Human Rights Implications

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

Internal Control, Audit Committee and the Annual Governance Statement all feature significantly in the CAA Use of Resources Assessment. Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

Consultees

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Headteacher, Greendown Community School

School Business Manager, Greendown Community School

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Appendices / Background papers

Appendix 1 – Internal Audit Report: Greendown Community School (with updated response from Headteacher)

Appendix 2 – Greendown Community School FMSiS assessment (with updated response from Headteacher)

Key Decision/Decision in Forward Plan

Not Applicable