

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

Recoupment

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 on Recoupment be brought to the next committee meeting.

2 Detail

- 2.1 Recoupment is the process whereby a Local Authority recovers the costs from another Local Authority for the Special Educational Provision of pupils placed in its schools that reside in another Local Authority. This process can work both ways, in terms of Swindon recouping the cost of non-Swindon pupils, as well as Swindon being responsible for paying the costs incurred by other Local Authorities for our pupils placed in their schools.
- 2.2 The key recommendations made in the report include:
 - The budget position for 2009/10 should be clarified by the Special Educational Needs Assessment Team, with assistance from the Children's Finance Team, and reported as a matter of priority.

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- Data and documentation used to prepare the budget should be maintained and developed to provide estimates of the future committed costs and income for recoupment.
- A detailed and accurate forecast of the 2009/10 recoupment budget outturn should be produced. Actions should be agreed by the senior management team to mitigate the impact of overspend on children services budgets. Actions taken and the position of the budget should be subject to regular and formal review.
- Accurate budget and activity forecasts should be made monthly, in accordance with Financial Regulations and the Budget Managers' Financial Standards.
- An exercise should be undertaken to ensure that the basis of charging other LEA's for recoupment costs is sufficient to meet the costs of the service.
- All processes carried out in delivery of the recoupment service should be fully documented in a procedural guide to ensure continuity and consistency in delivery of the service.
- Formal documentation should be sent to other LEA's each year to confirm their responsibility to monitor and maintain statements as well as meeting the costs of placements.

- 2.3 The above audit report is submitted for Members consideration. The Director, Schools and Learning will be at the Audit Committee to answer any questions Members may have and to provide an update on progress since the completion of the audit.

Alternative Options

Not Applicable

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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.

Director: Schools and Learning

Appendices / Background papers

Appendix 1 – Internal Audit Report: Recoupment

Key Decision/Decision in Forward Plan

Not Applicable