

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE 6th January 2010

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

Internal Audit's Annual Report on Schools

1. Purpose of Report.

1. To present to Members a copy of the report issued to the Corporate Director Children, summarising the findings and recommendations made by Internal Audit in relation to the school based audits conducted in the 2008/09 audit year.

2. Connection to Corporate Improvement Plan / Other Corporate Priority.

- 2.1. Internal Audit's work impacts on all of the Corporate Improvement Plan/other corporate priorities.

3. Background

- 3.1. On an annual basis the Internal Audit section visits a proportion of the Authority's Primary, Secondary and Special Schools in order to carry out a pre-determined programme of work, with a view to giving the school, their Governing Body and the Authority assurance that controls are operating effectively.
- 3.2. In 2008/09 approximately £79.5 million was delegated to the Authority's 10 Secondary, 58 Primary and 2 Special schools. This amounts to approximately 35% of the Authority's revenue budget.
- 3.3. Internal Audit aims to audit every school at least once every three years, with increased visits if necessary on the basis of a risk assessment. The risk assessment will incorporate schools who were deemed to provide limited or no assurance in controlling risks in the past, schools where there have been changes in key personnel such as the Head teacher or Clerk, schools due to amalgamate or have just amalgamated and any other concerns brought to Internal Audit's attention.
- 3.4. The programme of work covered by the Auditors incorporates areas such as budgetary control, ordering, receipt and payment of goods, school meals and income administration, child protection, health and safety, etc. In Secondary schools the programme has been extended at the request of DCELLS to cover areas such as the PLASC return and School Governance. The programme for Primary and Secondary's is reviewed on an annual basis to ensure that the resources deployed are used to assess controls in the areas of the school deemed to pose the greatest risk. Typically, one day is spent on site for a Primary School audit, whereas approximately 20 days will be spent on site, across a team of auditors for a Secondary School audit. This is reflective of the size and nature of the operations in place in a Secondary School.

4. Current situation / proposal

- 4.1. In 2008/09, 3 Secondary schools, 34 Primary schools and 1 Special school were visited. The report presented in **appendix B** provides Members with details of the key findings made during these audits.
- 4.2. In summary, one Secondary school was given a grading of Limited Assurance due to specific concerns relating to the management of PLASC data. As a consequence, the school was re-visited in the months after the audit and further testing conducted specifically on the areas of concern. Although some further issues were identified, Internal Audit were satisfied that the school had made sufficient progress in rectifying the issues originally identified and were able to increase the assurance level to that of Adequate. All other Secondary schools and the Special school were graded providing Adequate Assurance.
- 4.3. Of the 34 Primary schools visited, three were deemed to provide Limited Assurance and one was deemed to provide No Assurance. The main reason for the particularly low level of assurance in one school was due to major issues identified relating to school dinner money. In short, incomplete record keeping, a lack of monitoring and pursuing arrears, no monitoring by the Head teacher and no attempts to seek advice or support from the LEA's Catering Finance Officer, meant that there was a shortfall of approximately £3,700 in uncollected dinner money for the period September 2008 to May 2009. As at October 2009, the Finance Officer has raised fresh concerns that the school is making little progress in collecting this income.
- 4.4. All other Primary schools were categorised as providing Adequate or Substantial Assurance. Those schools with Limited or No Assurance will be revisited by Internal Audit over the coming months.
- 4.5. Any recommendations relating to Internal Audit's findings will have been presented in a report directly to the school and Governing Body concerned. The attached report does contain a small number of recommendations, and the management responses, that Internal Audit feels should be implemented centrally by the LEA. One of these recommendations relates to the issuing of guidance to schools due to amalgamate to ensure that their Private Fund accounts are properly closed and audited. It is known that Financial Support Services have been liaising with Internal Audit to revise and update the Private Fund Regulations. The recommendations relating to guidance for amalgamating schools has been incorporated into the updated regulations.
- 4.6. Internal Audit is also in the process of updating a guidance handbook for schools, that outlines the potential key risks in the various school systems and the controls expected to be in place to mitigate such risks from materialising. It is anticipated that the handbook will be distributed to all schools over the coming months.

5. Effect upon Policy Framework & Procedure Rules.

- 5.1. None

6. Legal Implications.

- 6.1. There are no legal implications.

7. Financial Implications.

7.1. None

8. Recommendation.

8.1. That Members note the report

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6th January 2010

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Background Documents

Schools Annual Report
Individual Audit reports relating to each school visited.