

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

9th December 2010

REPORT OF THE HEAD OF PROPERTY AND FINANCE

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 made by Internal Audit in relation to the school based audits conducted in the 2009/10 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 2009/10 approximately £75.9 million was delegated to the Authority's 10 Secondary, 54 Primary and 2 Special schools. This amounts to approximately 34% of the Authority's revenue budget.
- 3.3. To date, 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. From 2011/12 onwards, Internal Audit is commencing a programme of Control Risk Self Assessments (CRSAs), whereby schools will be issued with a self assessment questionnaire which will be completed and returned along with supporting documentation for review. During 2010/11 one cluster of schools will receive the CRSA on a pilot basis with a view to rolling out to all schools in BCBC not subject to an audit visit during the 2011/12 audit year. Actual audit visits will then be limited to the highest risk schools only, with every Primary school visited at least once in a four year period and each Comprehensive School continuing to be visited on a three year cycle.
- 3.5. 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.

3.6. In the summer term 2010 Internal Audit issued all Primary schools an updated guidance handbook, 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.

4. Current situation / proposal

4.1. In 2009/10, 3 Secondary schools, 24 Primary schools and 1 Special school were visited. It should be noted that one Primary school was visited twice during the year, meaning that in total 25 Primary school audits took place. The report presented in **appendix A** provides Members with details of the key findings made during these audits.

4.2. In summary, the 3 Secondary schools and 1 Special school visited were all graded as providing Adequate Assurance. This is reflected in the fact that the total number of significant recommendations made in 2009/10 was half the number made in 2008/09.

4.3. Of the 25 Primary school audits, three were deemed to provide Limited Assurance and one was deemed to provide No Assurance. It is disappointing to note that the school receiving No Assurance was the same school that received No Assurance in 2008/09. The main reason for the continuing low level of assurance is brought about as broadly the same control weaknesses remained relating to school meals income. A further visit was made to the school later in the year where it was deemed that adequate progress was being made to address the key control weaknesses.

4.4. It is disappointing to note that one of the schools receiving limited assurance in 2008/09 was also found not to have made sufficient improvements to the level of internal control in place and in operation to enable us to give a higher level of assurance than in the 2008/09 year.

4.5. 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.

4.6. 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 detail a small number of issues that Internal Audit feels should be implemented centrally by the LEA. These recommendations have been agreed by the LEA in the past and audit is aware that the LEA is working to implement them.

5. Effect upon Policy Framework & Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1. None.

7. Financial Implications.

7.1. None

8. Recommendation.

8.1. That Members note the report

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18th November 2010

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Background Documents

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