

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

24 NOVEMBER 2016

REPORT OF THE CHIEF INTERNAL AUDITOR

SCHOOLS SUMMARY REPORT 2015/16

1. Purpose of Report.

- 1.1 To present to Members a summary of the work undertaken by Internal Audit in relation to the school based audits conducted in the 2015/16 audit year.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 Internal Audit's work impacts on all of the Corporate Improvement Objectives /other Corporate Priorities.

3. Background.

- 3.1 As previously reported to Members, in order to ensure that audit days available are used in the most effective way, changes were made to the 2015/16 school audit programme which allowed for more in depth coverage of high risk areas rather than undertaking cyclical school visits. To do this, all schools were issued with a Control Risk Self-Assessment questionnaire (CRSA) which enabled the schools to self-evaluate the controls they have in place to mitigate risk. In addition an Assurance Statement, which provides assurance that the Head Teacher and Chair of Governors are ensuring that the school has sufficient internal controls in place was requested from all schools. Therefore, the planned audit days for schools (112 days) could be utilised for more in depth reviews based on a robust risk assessment taking into account senior management requirements, previous reports, recent changes in key personnel such as Head Teachers or Clerks or any other concerns brought to Internal Audit's attention.

4. Current situation / proposal.

- 4.1 During 2015/16, 60 CRSA's were issued to schools including the Pupil Referral Unit, of which 59 were returned. The completed CRSAs were evaluated by Internal Audit and any issues addressed with the individual school. No common trends or significant issues were identified and the overall control environment was evaluated as good.
- 4.2 Assurance Statements were issued, the purpose of which was for Head teachers and Chairs of Governors to acknowledge their responsibility in maintaining and operating the school in accordance with the Council's procedures and practices that uphold the internal control and assurance framework, and the Fair Funding Scheme for Schools. Only 30 Head teachers and 18 Chairs of Governors completed the Assurance Statement and it was found that some did not understand the form or its significance. In order to improve the response rate for 2016/17 this information and

its declaration together with an explanatory forward has been included on the CRSA questionnaire which should make the process more efficient.

- 4.3 In 2015/16 over £91 million was delegated to the Council's Secondary, Primary and Special Schools and of the 59 schools operating at year end, 7 schools, 4 primary and 3 secondary, were in deficit with a value of £621,969. All of these schools have been asked to produce a budget recovery plan. Of the 52 schools in surplus, 14 had surpluses that, under School Funding (Wales) Regulations 2010, are regarded as excessive and the Council may direct a governing body on how balances in excess of these limits may be spent or they can be clawed back. The Council has a policy whereby claw back can be exercised which has been applied in previous years. These schools have been requested to submit plans of how the balances will be spent which will be reviewed with the Corporate Director to determine any clawback of surplus funds.
- 4.4 During the year some specific risk based audits were undertaken. Of the 9 pieces of work, one was a grant claim so no audit opinion was applicable. Of the remaining 8 audits, five were given an audit opinion of reasonable and two were given limited assurance. No assurance could be given on the internal controls of one school initially, however a subsequent visit found that improvements had been made and reasonable assurance was subsequently given. The two limited assurance reports will be revisited again during the last quarter of 2016/17 to ensure that improvements to controls have been made.
- 4.5 During 2015/16 it was found that the move away from cyclical school audit visits has proved a success in ensuring that the Internal Audit resource is targeted effectively to those areas where they are most needed. A total of 104 days of the 112 days allocated were utilised. Certain control weaknesses were identified during the year and appropriate recommendations made and accepted, therefore, overall it was concluded that the control environment within schools was good.
- 4.6 As well as following up on the limited opinion reports and continuing with the assurance statements and the CRSA's; Internal Audit will continue to identify other audit areas base on risk; relevant changes in key personnel and discussions with Chief Officers in order to ensure that the necessary assurances can continue to be provided.

5. Effect upon Policy Framework& Procedure Rules.

- 5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment

- 6.1 There are no equality issues.

7. Financial Implications.

- 7.1 Effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests.

8. Recommendation.

8.1 That the Committee gives due consideration to the content of this report to ensure that all aspects of their core functions are being adequately reported.

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Background Documents
None