

Report to Schools Forum -Audit of Schools 2016/17

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Introduction

Wiltshire Council is a shareholder and partner in the South West Audit Partnership who provides its internal audit service, including to schools. Internal Audit seeks to add value to schools in improving control frameworks operating to mitigate risks and over the effective use of resources.

Internal audit is a statutory requirement for Local Authorities that includes maintained schools. No statutory requirement currently exists for Academies although subject to external audit and inspection by the Education Funding Agency.

This report provides a summary of the audit work carried out by SWAP for 2016/17 in relation to maintained schools in Wiltshire, specifically on key issues arising.

Internal Audit Approach and Coverage of Schools 2016/17

Schools are selected for audit using a risk based approach that includes a number of factors, including perceived control environment operating at the school, when last audited/outcome, materiality including expenditure and any management concerns.

The main objectives of the audit are to evaluate the effectiveness of financial and other controls operating to mitigate risks, the level of compliance to the Schools Financial Value Standard (SFVS), being perceived as a standard for good financial management and Wiltshire Schools' Financial Regulations.

For each school, shortly after the end of the audit fieldwork (i.e. visit), a draft audit report is issued for discussion and once agreed a final issued that includes to the Chair of the Governing Body. This contains the audit opinion (substantial, reasonable, partial, none), issues/findings raised, recommendations and management actions for improving controls operating.

During 2016/17, eleven individual audits were carried out, all being Primary Schools. In addition a themed audit review was carried out on Schools' Procurement that including examining a number of schools.

Key Issues and Actions from Audit of Schools 2016/17

For the eleven specific audits of schools carried out in 2016/17, five gave an opinion of partial assurance and six reasonable. An explanation of the assurance definitions is provided at Appendix A.

The following is a summary of the common issues/findings and actions:

- Lack of clarity over financial thresholds for delegated responsibility between governors and staff;
- Schemes of delegation not found to be reviewed by Governing Bodies on regular basis;
- Improvement to process for budget monitoring and financial reporting;
- Conflicts of interests and maintain a Register of Business Interests for Governors and Staff
- Generally, schools not using the SVFS tool for assessing skills expertise of governors;
- Although benchmarking reports produced from the DfE Website (National Benchmarking), schools found not to be analysing sufficiently and discussing outcomes with Governors;

- Majority of schools found to be using the Wiltshire Whistleblowing template but insufficient display or raising awareness for staff;
- Majority of schools found not to have a comprehensive procurement policy from small to large items of expenditure and including for example basic rules such as number of quotations required;
- Although Business Continuity Plans found to exist, majority found not to be sufficient documented and tested
- Some schools found to be using debit cards for procurement which circumvent financial controls and not in compliance with Schools' Financial Regulations; and
- Generally, schools found not to be consistent in the raising of purchase orders at the start of procurement transactions in SIMS (financial management system application) for budget commitment purposes but when invoices received, in order to pay

Planned Audit Coverage of Schools for 2017/18

For 2017/18, there is an increased number of thematic reviews planned across a selection of schools that will include ICT Security, HR/Payroll and Banking Arrangements. The outcome of these audits including areas for general improvement, will be communicated to all schools.

Twelve specific audit visits to schools are planned for 2017/18 that will use a reduced programme of work from 2016/17, but still focussing on the risk areas.

In addition to maintained schools, SWAP undertakes audits of Academies in both Wiltshire and other SWAP partners on a fees bases. These are well received, add value and usually repeated annually.

Appendix A

Assurance Definitions

None	The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

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