

## APPENDIX 2: KEY THEMES ARISING FROM AUDIT REVIEWS

FINANCE, MANAGEMENT AND GOVERNANCE AUDIT IN SCHOOLS		
<b>SCHOOL NAME</b>	<b>BOURNEMOUTH PARK PRIMARY SCHOOL</b>	
<b>OBJECTIVE</b>	To assess whether effective arrangements are in place to develop and implement a suitable strategic framework as well as organise, manage and control the specified activities.	
<b>STATUS</b>	<b>REPORT ISSUED FEBRUARY 2014</b>	
<b>OVERALL OPINION</b>	<b>ADEQUATE</b>	
<b>RECOMMENDATIONS</b>	<b>HIGH: 5</b>	<b>MEDIUM: 10</b> <b>TOTAL: 15</b>
<b>REPORT</b>	The report has been agreed with the Headteacher. Actions and implementation dates have been agreed for all recommendations made.	
<b>ASSESSMENT AGAINST KEY PERFORMANCE CRITERIA</b>		
<b><i>Audit Enquiry</i></b>	<b><i>Assessment</i></b>	<b><i>Significant Improvement Opportunities</i></b>
<b>Governance</b>		
The governing body is properly formed and governors are effectively recruited and trained.	Adequate	None
Governors are provided with sufficient information to exercise their oversight role effectively.	Good	
Roles, responsibilities and powers are clearly defined and enforced.	Adequate	
<b>Information and Asset Management</b>		
Confidential, personal and sensitive information is effectively managed and secured.	Adequate	None

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<b><i>Audit Enquiry</i></b>	<b><i>Assessment</i></b>	<b><i>Significant Improvement Opportunities</i></b>
Assets are secured and maintained.	Adequate	None
<b>Financial Management and Reporting</b>		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	Adequate	None
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	Good	
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	Good	
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	Adequate	
Goods and services are procured fairly and achieve value for money.	Good	

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FINANCE, MANAGEMENT AND GOVERNANCE AUDIT IN SCHOOLS			
<b>SCHOOL NAME</b>	<b>FAIRWAYS PRIMARY SCHOOL</b>		
<b>OBJECTIVE</b>	To assess whether effective arrangements are in place to develop and implement a suitable strategic framework as well as organise, manage and control the specified activities.		
<b>STATUS</b>	<b>REPORT ISSUED JANUARY 2014</b>		
<b>OVERALL OPINION</b>	<b>IMPROVEMENT REQUIRED</b>		
<b>RECOMMENDATIONS</b>	<b>HIGH: 7</b>	<b>MEDIUM: 14</b>	<b>TOTAL: 21</b>
<b>REPORT</b>	The report has been agreed with the Headteacher. Actions and implementation dates have been agreed for all recommendations made.		
<b>ASSESSMENT AGAINST KEY PERFORMANCE CRITERIA</b>			
<b><i>Audit Enquiry</i></b>	<b><i>Assessment</i></b>	<b><i>Significant Improvement Opportunities</i></b>	
<b>Governance</b>			
The Governing Body is properly formed and governors are effectively recruited and trained.	Improvement Required	The Instrument of Government should be submitted to the Local Authority for approval. In line with suggested good practice, a governor's self assessment should be completed every three years.	
Governors are provided with sufficient information to exercise their oversight role effectively.	Adequate	None	
Roles, responsibilities and powers are clearly defined and enforced.	Improvement Required	The Governing Body and it's sub-groups' Terms of Reference should be regularly reviewed and approved as remaining fit for purpose  The Governing Body should complete the 'Governing Body Processes Audit' (provided by the Council's Leadership and Governor Support Manager) and assess its effectiveness and fulfilment against its terms of reference.	

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<i><b>Audit Enquiry</b></i>	<i><b>Assessment</b></i>	<i><b>Significant Improvement Opportunities</b></i>
<b>Information and Asset Management</b>		
Confidential, personal and sensitive information is effectively managed and secured.	Improvement Required	The school should develop, agree and implement an Information Management Policy to define the roles and responsibilities to safeguard the school's information.
Assets are secured and maintained.	Adequate	None
<b>Financial Management and Reporting</b>		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	Adequate	None
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	Improvement Required	<p>The School Improvement Plan and annual budget should be submitted to the Governing Body for scrutiny and approval in advance of the financial year to which it relates.</p> <p>The school improvement plan should be further improved to include a specific vision for the school and performance indicators to enable the school to measure its progress in achieving its defined criteria.</p> <p>The three-year budget should be updated to detail expected income (as well as expenditure) and brought forward balances (i.e. reserves). The budget should also provide sufficient narrative as to the use of, or additions to, reserves.</p> <p>A cash flow statement should be produced to anticipate, plan and give a clear forecast of future cash flows. The cash flow forecast should be reported to senior management and the Governing Body.</p>

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<b><i>Audit Enquiry</i></b>	<b><i>Assessment</i></b>	<b><i>Significant Improvement Opportunities</i></b>
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	Improvement Required	<p>Insightful budget monitoring reports should be reported to the Governing Body and its relevant sub-committee(s).</p> <p>A cash flow statement should be produced to anticipate, plan and give a clear forecast of future cash flows. The cash flow forecast should be reported to senior management and the Governing Body.</p>
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	Improvement Required	<p>Changes to supplier details (e.g. bank details) should be confirmed as genuine through a school-instigated contact with a known supplier representative.</p> <p>The existing staff instructions on how to carry out key financial tasks should be expanded to include more detailed, step by step guides.</p>
		The schedule of charges for hire of school facilities should be reviewed and approved by the Governing Body or Finance Committee on an annual basis to ensure they maximise income in the context of any other school objective.
Goods and services are procured fairly and achieve value for money.	Improvement Required	The Council's Procurement Team's advice should be sought to, where practicable and financially beneficial, let multiyear contracts for significant, ongoing supplies and services likely to total over £50k over a four year period (such as for cleaning).

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FINANCE, MANAGEMENT AND GOVERNANCE AUDIT IN SCHOOLS			
<b>SCHOOL NAME</b>	<b>FUTURES COMMUNITY COLLEGE</b>		
<b>OBJECTIVE</b>	To assess whether effective arrangements are in place to develop and implement a suitable strategic framework as well as organise, manage and control the specified activities.		
<b>STATUS</b>	<b>REPORT ISSUED 22 JANUARY 2014</b>		
<b>OVERALL OPINION</b>	<p><b>Improvement Required</b></p> <p>This report supports many of the conclusions reached by the Finance Director in his initial and ongoing review of operational processes and practices. The Internal Audit report is therefore intended to provide additional direction to help staff practically design and embed the required key management controls.</p>		
<b>RECOMMENDATIONS</b>	<b>HIGH: 19</b>	<b>MEDIUM: 11</b>	<b>TOTAL: 30</b>
<b>REPORT</b>	The report has been agreed with the Finance Director. Actions and implementation dates have been agreed for all recommendations made.		
<b>ASSESSMENT AGAINST KEY PERFORMANCE CRITERIA</b>			
<b><i>Audit Enquiry</i></b>	<b><i>Assessment</i></b>	<b><i>Significant Improvement Opportunities</i></b>	
<b>Governance</b>			
The governing body is properly formed and governors are effectively recruited and trained.	N/A	The school is currently under the administration of an Interim Executive Board (IEB) as approved by the Council and Department for Education.	
Governors are provided with sufficient information to exercise their oversight role effectively.	Improvement Required	<p>A clerk should be appointed urgently. In the interim, the responsibilities of the clerk should be assigned to allow IEB business to continue.</p> <p>A forward plan of reports to be considered and decisions made at each future IEB (and its subgroups') meetings should be produced and agreed so the IEB confirms it will receive the required information at the right time to effectively and timely discharge its duties.</p>	

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<i><b>Audit Enquiry</b></i>	<i><b>Assessment</b></i>	<i><b>Significant Improvement Opportunities</b></i>
		A full set of minutes and supporting papers for all recent governor meetings need to be compiled and made readily available.
Roles, responsibilities and powers are clearly defined and enforced.	Improvement Required	The recently improved Financial Regulations (including a scheme of delegated authorities to staff) should be approved by the IEB.
<b>Information and Asset Management</b>		
Confidential, personal and sensitive information is effectively managed and secured.	Improvement Required	The school should update where necessary its current data protection policy to ensure it adequately and clearly sets out expectations and controls around the use of portable media and remote / home working.  A comprehensive, up to date and approved business continuity plan and disaster recovery plan should be produced. The plan should be promptly tested to assess whether it will be effective in a disaster.
Assets are secured and maintained.	Improvement Required	The asset register format is generally appropriate and it is held securely. However, it does need to record some more detail about the asset in some instances.
		A small number of items on the register could not be found in the school and some were not as described. Therefore an exercise to confirm the presence or otherwise of all assets should be promptly undertaken.  A policy on loaning the school's assets to staff and students should be produced. This should be supported by a log to record approval of all loans to track the asset's return.

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<i><b>Audit Enquiry</b></i>	<i><b>Assessment</b></i>	<i><b>Significant Improvement Opportunities</b></i>
<b>Financial Management and Reporting</b>		
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	Improvement Required	<p>The current one year improvement plan should be developed into a multi-year plan setting out its objectives and targets to improve performance.</p> <p>A complementary multi-year and comprehensive financial plan should support the improvement plan that covers the same period and is explicitly linked to the improvement objectives. The IEB should approve both plans.</p>
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	Improvement Required	The Finance Director is developing standardised processes that produce more robust, timely and insightful budget information for budget holders, senior management and IEB members.
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	Improvement Required	<p>There needs to be clearer, documented demonstration of the segregation of duties between raising and authorising orders and invoices.</p> <p>The school should verify proposed changes to suppliers' bank account details with a known supplier contact. This is to prevent genuine payments being diverted to fraudulent bank accounts.</p> <p>The school's bank account and payroll payments are being reconciled to its financial system. This process should be enhanced by including clearer supporting evidence of the reconciled position and clear evidence of separation of duties in preparing and reviewing the reconciliation.</p>
		<p>The access of users to the online banking facility should be removed when they leave the organisation.</p> <p>The school should ensure that teachers are not collecting cash from pupils.</p> <p>Finance staff need to be made aware of the newly approved debt recovery policy and produce regular insightful information to management that demonstrates outstanding debts are being recovered as per the policy's requirements.</p>



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<b><i>Audit Enquiry</i></b>	<b><i>Assessment</i></b>	<b><i>Significant Improvement Opportunities</i></b>
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	Improvement Required	In support of the strengthening of budgetary control and financial processes, the capacity and capability of the finance team should be assessed.
<b>Procurement</b>		
Goods and services are procured fairly and achieve value for money.	Improvement Required	The Council's procurement team's advice should be sought where beneficial and practicable to assist in any tendering exercises or to identify any suitable existing contracts on which the school could 'piggyback'.

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FINANCE, MANAGEMENT AND GOVERNANCE AUDIT IN SCHOOLS			
<b>SCHOOL NAME</b>	<b>WEST LEIGH INFANTS</b>		
<b>OBJECTIVE</b>	To assess whether effective arrangements are in place to develop and implement a suitable strategic framework as well as organise, manage and control the specified activities.		
<b>STATUS</b>	<b>REPORT ISSUED FEBRUARY 2014</b>		
<b>OVERALL OPINION</b>	<b>GOOD</b>		
<b>RECOMMENDATIONS</b>	<b>HIGH: 2</b>	<b>MEDIUM: 8</b>	<b>TOTAL: 10</b>
<b>REPORT</b>	The report has been agreed with the Headteacher. Actions and implementation dates have been agreed for all recommendations made.		
<b>ASSESSMENT AGAINST KEY PERFORMANCE CRITERIA</b>			
<b><i>Audit Enquiry</i></b>	<b><i>Assessment</i></b>	<b><i>Significant Improvement Opportunities</i></b>	
<b>Governance</b>			
The governing body is properly formed and governors are effectively recruited and trained.	Adequate	None	
Governors are provided with sufficient information to exercise their oversight role effectively.	Good		
Roles, responsibilities and powers are clearly defined and enforced.	Adequate		
<b>Information and Asset Management</b>			
Confidential, personal and sensitive information is effectively managed and secured.	Good	None	

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<b><i>Audit Enquiry</i></b>	<b><i>Assessment</i></b>	<b><i>Significant Improvement Opportunities</i></b>
Assets are secured and maintained.	Adequate	None
<b>Financial Management and Reporting</b>		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	Good	None
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	Good	
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	Good	
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	Good	
Goods and services are procured fairly and achieve value for money.	Good	

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<b>MANAGING SERVICE RISKS</b>		
<b>REPORT TITLE</b>	<b>DISABLED FACILITIES GRANTS</b>	
<b>OBJECTIVE</b>	To assess whether decisions regarding Disabled Facilities Grants are appropriate and the Home Improvement Agency carries out its required duties on behalf of the Council effectively and fairly in all cases.	
<b>STATUS</b>	<b>REPORT ISSUED JANUARY 2014</b>	
<b>OPINION</b>	<b>SBC'S ROLE: GOOD</b> <b>HOME IMPROVEMENT AGENCY'S ROLE: ADEQUATE</b>	
<b>KEY THEMES ARISING</b>	<p>Appropriate operational processes are now in place to award Disabled Facilities Grants to eligible people and ensure the adaptation works required are appropriately specified, awarded, completed to budget and timescale and the required standard.</p> <p>The Council has good arrangements and processes to oversee the Home Improvement Agency's delivery of required tasks.</p> <p>The Home Improvement Agency's own arrangements are generally satisfactory and since appointment have brought significant improvements in process and outcomes. Following initial audit feedback, The Home Improvement Agency has taken the first steps of further necessary measures to strengthen the contract administration processes.</p>	
<b>RECOMMENDATIONS</b>	<b>HIGH: 2</b>	<b>MEDIUM: 11</b>
		<b>TOTAL: 13</b>

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<b>MANAGING SERVICE RISKS</b>			
<b>REPORT TITLE</b>	<b>HEALTH &amp; WELLBEING BOARD</b>		
<b>OBJECTIVE</b>	To assess whether the Health and Wellbeing Board's (the Board) formation and governance arrangements are in line with the Health and Social Care Act and give a position statement on the progress the Board has made to recognise, plan and deliver its longer terms objectives.		
<b>STATUS</b>	<b>FIRST REPORT ISSUED: AUGUST 2013</b> <b>SECOND REPORT ISSUED: JANUARY 2014</b>		
<b>OPINION</b>	Governance Arrangements – Good		
<b>KEY THEMES ARISING / POSITION STATEMENT</b>	<p>The Health and Wellbeing Board was established with the required fundamental governance arrangements in the required timescales.</p> <p>The Board has identified its key development areas to achieve its more transformational objectives. This includes building momentum as a partnership to drive integration between health and social care services. Southend's selection as a national health and social care pioneer is a significant achievement and potentially a very powerful tool to affect real change.</p> <p>The Board's wider role, relationships and objectives are complex. It has been recognised the Board's forward plan needs to be a more comprehensive, detailed road map help it achieve these objectives and add the most value. A peer review has been commissioned to also help identify and guide improvement actions.</p> <p>Recommendations have been discussed with relevant officers during the year; many of which have been addressed or in progress.</p>		
<b>RECOMMENDATIONS</b>	<b>HIGH: 2</b>	<b>MEDIUM: 5</b>	<b>TOTAL: 7</b>
<b>ADDRESSED IN FULL OR IN PART</b>	<b>HIGH: 1</b>	<b>MEDIUM: 3</b>	<b>TOTAL: 4</b>

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<b>MANAGING SERVICE RISKS</b>			
<b>REPORT TITLE</b>	<b>RESTRUCTURE OF BUSINESS SUPPORT FUNCTIONS IN THE DEPARTMENT FOR PLACE</b>		
<b>OBJECTIVE</b>	To assess whether there is evidence the intended non-financial savings benefits of the restructure of the business support functions across the Department for Place have been realised.		
<b>STATUS</b>	<b>REPORT ISSUED FEBRUARY 2014</b>		
<b>OPINION</b>	<b>GOOD</b>		
<b>KEY THEMES ARISING</b>	<p>The Business Support Teams (BSTs) are now well established and there is widespread appreciation in the department of the BSTs' efforts. The department's key performance indicators that rely on the involvement of the BSTs (e.g. to log and process applications) have held up over the past year.</p> <p>The BSTs have work plans for the tasks needed for all service areas. It is not clear however the extent the work plans were formally discussed and importantly agreed when first created (or any time subsequently) with service areas, Heads of Services as, in effect, the 'service level agreement'.</p> <p>The work plans are comprehensive in scope, set out the frequency of task occurrence and the risk of not completing such tasks. As such, the work plans are an adequate tool to direct activity.</p> <p>However, it is recommended the plans, now two to three years old, are reviewed to ensure they remain up to date and refreshed to clearly prioritise tasks relative to each other. This will most effectively assist managing any future changes in resources.</p> <p>Most, if not, all BST staff complete a range of tasks for different service areas. The creation of generic roles has increased the BSTs' ability to manage continuity risks. The most apparent continuity risk of IT system support, whilst has been an issue in the past, is to be addressed through the consolidation of departmental IT staff into a central IT team.</p>		
<b>RECOMMENDATIONS</b>	<b>HIGH: 0</b>	<b>MEDIUM: 3</b>	<b>TOTAL: 3</b>

## APPENDIX 2: KEY THEMES ARISING FROM AUDIT REVIEWS

<b>MANAGING SERVICE RISKS</b>	
<b>REPORT TITLE</b>	<b>IT DISASTER RECOVERY PLANNING</b>
<b>OBJECTIVE</b>	To assess whether the design and operation of the IT Disaster Recovery (DR) framework is sufficiently robust to ensure the continued availability of IT infrastructure and related systems and operations following a 'level four' incident (i.e. assumed loss of availability of the Civic Centre).
<b>STATUS</b>	<b>REPORT ISSUED MARCH 2014</b>
<b>OPINION</b>	<b>ADEQUATE</b>
<b>KEY THEMES ARISING</b>	<p><b>IT DR PLANNING INTEGRATION WITH OVERALL BUSINESS CONTINUITY ARRANGEMENTS</b></p> <p>The Council has a documented Corporate Business Continuity Plan issued in December 2012. A review and refresh of the plan is scheduled to be undertaken as part of the 'Strengthening Business Continuity for SBC' project, initiated in July 2013 and provisionally due for completion by 31 July 2014. Importantly, there is generally clear linkage and integration between the corporate business continuity plan and IT disaster recovery arrangements. However, there is scope to improve the demonstration of this linkage. Specifically the terminology in the Department for Place and Corporate Services BCPs should mirror that in the IT DR plan. At present the recovery objectives (e.g. extent of recovery by which timescales) in the BCPs are listed for each service area but in the IT DR plan they are listed by server and system name.</p> <p><b>IT DR PLAN</b></p> <p>The Council has an up to date and documented IT DR plan (last updated in September 2013). The plan satisfactorily addresses many of the standard disaster recovery control requirements. The main improvement opportunities are to:</p> <ul style="list-style-type: none"> <li>• undertake and then agree a 'business impact assessment' with departments to ensure systems' planned recovery timescales meet the prioritised business needs; and then</li> <li>• to robustly and realistically test the plan to assess its likely effectiveness in practice and where necessary implement improvements.</li> </ul>

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<b>KEY THEMES ARISING CONTINUED</b>	<p><b>DATA BACKUPS</b></p> <p>There are adequate documented procedures being followed to ensure critical systems and data are backed up on a regular basis. However, there are a number of areas for control improvement, in particular:</p> <ul style="list-style-type: none"> <li>• replication arrangements (the sharing of information between databases to improve reliability) need to be documented and approved by senior ICT management to confirm they are sufficient in their scope and frequency, subject to clarity from the business on acceptable timescales for systems recovery</li> <li>• there should be formal, documented tests to confirm that the backup process is operating effectively with a clear documented record of the actions taken to resolve any exceptions.</li> </ul>		
<b>RECOMMENDATIONS</b>	<b>HIGH: 1</b>	<b>MEDIUM: 6</b>	<b>TOTAL: 7</b>