

Appendix 2: Audit Opinions and Themes

Key Financial Systems			
Report title	Payroll Improvement Project	Interim report issued	March 2015
Objective	To supportively but critically challenge, throughout the life of the project, whether appropriate and sufficient controls are being designed into any revised operational payroll processes.		
Conclusion and key themes	<p>A progress update review was conducted regarding the introduction of the new payroll module that is intended to address the system weaknesses highlighted in the 2013/14 financial systems Payroll report relating to expense claims, the input of new starters, leavers and amendments to posts and the salary variance report.</p> <p>Overall good progress is being made in addressing these issues.</p> <p>The most significant upgrades to the payroll module relating to 'self-service' expense claims and the input of new starters, leavers and amendments to job posts, have been evidenced as in progress.</p> <p>The approval thresholds for each type of expense claim are currently being reviewed and amended in preparation for self-service. The self-service module (currently in a 'test' state) has also been witnessed in development and the expenses policy is about to reviewed.</p> <p>There is also a large exercise underway to rationalise all of the job posts within the Council and create a hierarchy that will allow the electronic sign-off to be automated and enforced across the organisation. There is a slight delay in the expected delivery date from April to May 2015.</p> <p>Amendments to a report that highlights significant salary variations have not been started as yet. The expected delivery date however is in line with the other upgrades to the payroll module outlined above.</p>		

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Managing Service Delivery Risks			
Report title	Pupil Premium	Interim feedback	March 2015
Objective	To assess whether schools have robust strategies and plans in place to effectively use pupil premium money as well as report on its use and the success or otherwise to raise attainment.		
Background	<p>As part of the cyclical schools audit programme, some limited work has been done to establish whether schools have utilised the Pupil Premium Analysis and Challenge Toolkit, then used this information to develop an action plan to drive improvement in attainment, reported on it to senior management and governors and published information regarding this online.</p> <p>The results of the questions asked regarding the use of Pupil Premium in 14 of the 21 schools being audited this year are summarised below.</p>		
Interim Summary Findings	<p>Given the information obtained to date about the use of Pupil Premium monies, there would appear to be scope for schools to be evidencing more clearly and consistently, how these funds are being used to target and improve attainment.</p> <p>The analysis undertaken so far has identified that:</p> <ul style="list-style-type: none"> • only four schools had fully completed the Analysis and Challenge Toolkit • of the remaining ten schools, two had partially completed the toolkit and three had used the Sutton Trust Toolkit • the most common reasons given for not completing the Analysis and Challenge Toolkit were that it was out of date, not relevant or the school had low number of students receiving Pupil Premium funding • despite not utilising the toolkit, ten schools had developed action plans or otherwise reported on utilisation of Pupil Premium Funding. However, it was noted that action plans themselves and reporting routes varied considerably between schools • two of the schools who had not developed action plans cited the fact that they had utilised the funds to obtain additional teaching resource in order to improve performance • all 14 schools had published information about the use of Pupil Premium funding on their websites. 		
Way Forward	A final report will be produced in May 2015 once the remainder of the school audits have been completed for this year, at which time any recommendations for improvement will be considered and reported upon.		

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Grant Claims			
Report title	Troubled Families Programme, Payments by Results Scheme Grant	Report issued	March 2015
Objective	To assess compliance with the terms and conditions of the Department for Communities and Local Government's (DCLG) Financial Framework for making Payment by Result (PBR) Claims.		
Background	The Financial Framework requires that claims are approved within each local authority's own internal audit arrangements under the authority of the Chief Executive. The Chief Executive and Head of Internal Audit are required therefore to satisfy themselves that the evidence supporting PBR claims made in respect of individual families is in line with the DCLG's Financial Framework scheme.		
Opinion	February 2015 Claim , substantial sign off of the claim.		
Conclusion and key themes	<p>The majority of the PBR claims made this time were as a result of further 'data sweeping' exercises of relevant Council systems. Since the last DCLG claim was made in October, additional protocols have been agreed with the Streets Ahead team for the evidencing of particular entry and exit criteria which has resolved the issues identified in relation to this. In addition the Streets Ahead team has implemented improved procedures to reduce the risk of duplicate claims being made to the DCLG.</p> <p>Of the 126 claims due for submission to the DCLG in February 2015, 36 were independently reviewed by the Group Manager which is in line with agreed protocols. No issues were identified from random audit testing of these claims and as such these were signed off as meeting Internal Audit arrangements.</p> <p>Of the remaining 90 claims due for submission, 12 were randomly selected for audit testing. Of these:</p> <ul style="list-style-type: none"> • sufficient evidence was available to verify and sign off six claims • one was withdrawn as one element of the education PBR outcome could not be evidenced at the time of the audit due to the school half term closure. This was considered to be an isolated case. <p>For the remaining five claims, evidence was available to confirm that two of the three main criteria needed to make a PBR claim had been met. For all cases the third criteria which could not be fully evidenced related to confirmation of consistent attendance at a school outside the borough or college where the need for data sharing protocols has not previously been identified. Therefore it was not possible to sign off these claims.</p>		

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	<p>As such, appropriate assurance was provided to validate a substantial number of claims tested and going forward it has been agreed with the Streets Ahead team that relevant protocols will be developed. This will also be relevant to Phase 2 PBR claims (see below).</p>
	<p>Financial Framework for the Expanded Troubled Families Programme (Phase 2)</p> <p>The DCLG has recently released arrangements for Phase 2 of this programme, which has included more explicit requirements around the 'role of local authority internal auditors' in verifying PBR claims going forward. It defines the minimum :</p> <ul style="list-style-type: none">• number of claims to be validated• level of evidence required for validating claims. <p>The Council's current internal audit arrangements already meet the minimum level of validation work identified in the Phase 2 programme. Internal Audit will be working with the Streets Ahead team to agree protocols for evidencing claims made under the expanded programme.</p>

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Finance, Management and Governance Audit in Schools	
Objective	To assess whether individual schools have adequate and effective governance, information and asset management as well as financial management and reporting arrangements in place.

Assessment Against Key Performance Criteria			
<i>Audit Enquiry</i>	<i>Assessment</i>	<i>Significant Improvement Opportunities</i>	
Governance			
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	Adequate		
Roles, responsibilities and powers are clearly defined and enforced	Good		

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<i>Audit Enquiry</i>	<i>Assessment</i>	<i>Significant Improvement Opportunities</i>
Information and Asset Management		
Confidential, personal and sensitive information is effectively managed and secured.	Improvement Required	The School creates an Information Management Policy, which includes details of how data is used, maintained, retained, transferred and destroyed. In addition, it incorporates a Clear Desk Policy, a Portable Media Policy and a Remote / Home Working Policy.
Assets are secured and maintained	Adequate	None
Financial Management and Reporting		
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	Adequate	
Goods and services are procured fairly and achieve value for money	Good	

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School Name	Chalkwell Hall Infant School		Report issued	January 2015
Opinion	Adequate			
Recommendations	High: 3	Medium: 16	Total: 19	
Assessment Against Key Performance Criteria				
Audit Enquiry		Assessment	Significant Improvement Opportunities	
Governance				
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		
Information and Asset Management				
Confidential, personal and sensitive information is effectively managed and secured.		Improvement Required	The School creates an Information Management Policy, which includes details of how data is used, maintained, retained, transferred and destroyed. In addition, it incorporates a Clear Desk Policy, a Portable Media Policy and a Remote / Home Working Policy	
Assets are secured and maintained		Adequate	None.	

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<i>Audit Enquiry</i>	<i>Assessment</i>	<i>Significant Improvement Opportunities</i>
Financial Management and Reporting		
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	Adequate	
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body	Adequate	
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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School Name	Heycroft Primary School		Report issued	December 2014
Opinion	Improvement Required			
Recommendations	High: 10	Medium: 37	Total: 47	
Assessment Against Key Performance Criteria				
Audit Enquiry		Assessment	Significant Improvement Opportunities	
Governance				
The governing body is properly formed and governors are effectively recruited and trained.		Improvement Required	The School obtains a copy of the sealed Instrument of Government.	
Governors are provided with sufficient information to exercise their oversight role effectively.		Adequate	The School checks that the current Governing Body composition of is in line with the sealed Instrument of Government.	
Roles, responsibilities and powers are clearly defined and enforced.		Improvement Required	The Governing Body has an approved Terms of Reference.	
Information and Asset Management				
Confidential, personal and sensitive information is effectively managed and secured.		Improvement Required	The Asset Register includes the following information for all assets above an agreed minimum value:	
Assets are secured and maintained.		Improvement Required	<ul style="list-style-type: none"> • Description, Reference and Serial Number • Current condition and Location • Original cost (and where relevant any depreciation and current net book value). 	

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<i>Audit Enquiry</i>	<i>Assessment</i>	<i>Significant Improvement Opportunities</i>
Financial Management and Reporting		
There are sufficient, appropriately qualified and experienced finance staff to plan, process and manage financial arrangements effectively and efficiently.	Good	Proposed changes to supplier details are independently confirmed via a School instigated contact with a known company representative.
There is effective financial planning that provides a clear view of how the school will use its resources to achieve objectives.	Improvement Required	The request to change and the action taken to confirm the change is genuine will then be retained.
The budget position is accurately known, monitored on a regular, timely basis and reported to senior management and the governing body.	Adequate	The School develops a multi-year strategic development plan that outlines the vision for the School and specific long-term objectives, with performance indicators and targets associated with these objectives.
Financial transactions are accurate, complete, authorised, substantiated, made securely and accurately recorded.	Improvement Required	
Goods and services are procured fairly and achieve value for money.	Improvement Required	

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School Name	Milton Hall Primary School		Report issued	February 2015
Opinion	Adequate			
Recommendations	High: 5	Medium: 7	Total: 12	
Assessment Against Key Performance Criteria				
<i>Audit Enquiry</i>		<i>Assessment</i>	<i>Significant Improvement Opportunities</i>	
Governance				
The governing body is properly formed and governors are effectively recruited and trained		Good	None.	
Governors are provided with sufficient information to exercise their oversight role effectively		Adequate		
Roles, responsibilities and powers are clearly defined and enforced		Adequate		
Information and Asset Management				
Confidential, personal and sensitive information is effectively managed and secured.		Adequate	None.	
Assets are secured and maintained		Adequate		
Financial Management and Reporting				
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		

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<i>Audit Enquiry</i>	<i>Assessment</i>	<i>Significant Improvement Opportunities</i>
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: Implementing Action Plans			
School Name	Fairways Primary School	Report issued	January 2015
Objective	To assess whether actions agreed during the original audit completed in January 2014, have been implemented and are now effectively embedded into the day to day operation of the school.		
Conclusion and key themes	<p>In October when this work was completed, satisfactory progress had been made by the School in addressing the actions agreed at the time of the original audit in that:</p> <ul style="list-style-type: none"> • 13 actions had been fully implemented including five that were high priority • progress was being made towards implementing the remaining eight, two of which were high priority and related to: <ul style="list-style-type: none"> • approving an updated Instrument of Government that was with the Council and should be finalised before the Spring 2015 term • the Headteacher undertaking timely reviews of cash flow statements, which was going to be done within a month of the end of the period to which the statement relates, from November 2014. <p>Other actions being taken included:</p> <ul style="list-style-type: none"> • finalising the Financial Process Instructions, which were being refreshed • determining the best option for securely marking assets and periodically checking that they still exist • the governing body assessing its own performance against its terms of reference once it was reconstituted. 		