

CENTRAL BEDFORDSHIRE COUNCIL
INTERNAL AUDIT
SCHOOLS' AUDIT STRATEGY 2010/11-2012/13
(DRAFT)

1. Introduction

- 1.1 The Audit Committee on 12th April 2010 agreed a three year strategic audit plan for Central Bedfordshire which included an allocation of days over the next three years for delivering schools audits.
- 1.2 This strategy sets out the approach that will be adopted for the audit of Financial Management in Schools assessments (FMSiS toolkits) and school audits over that period.

2. Objectives

- 2.1 In determining the strategy, the following objectives have been identified:

- Adding value to the schools, and assisting in the school improvement journey.
- Provide assurance to Section 151 Officer and Director of Children's Services that robust internal controls are in place to discharge their responsibilities, as required by law
- Provide assurance to other stakeholders*
- Provide assurances to other external bodies resulting from the new audit regime as a result of the transfer of Learning Skills Council (LSC) funding to the LA. e.g. Young Peoples Learning Agency (YPLA)
- Compliance with FMSiS
- Value for money in use of limited audit resources
- Ensuring national developments are reflected in assurance work e.g. Contact point.

*this will include governors, officers within Central Bedfordshire including School Improvement Team, external agencies, such as VAT Office, Inland Revenue, Teachers' Pensions Agency, other external inspectorates such as OFSTED, in addition to members and the external auditors.

3. Audit Approach

- 3.1 Time has been allocated during 2010/11 to enable the schools that have not yet met the Standard to be assessed.
- 3.2 A rolling programme of school audit site visits will be determined. A risk assessment of all schools will be undertaken using risk factors set out below in order to prioritise schools. It is intended to cover all schools over a four year period to undertake probity audit work and ensure that

assurance can be given that schools continue to meet the FMSiS standard.

3.3 Risk factors that will be taken into consideration include:

- Financial position and projections, including licensed deficits
- History of problems/errors /delays in submitting returns
- Changes in key personnel e.g. head/bursar
- Concerns identified by School Improvement Team and Schools' Finance
- Non compliance with FMSiS
- Size (school budget and pupil numbers)
- Change in Bank account status
- Schools identified as a concern using Health and Safety and insurance data
- Length of time since last audit
- Bank account status (e.g. Fully Funded or Centrally Funded)
- Notices of Concern issued

3.4 The programme of work to be undertaken will synchronise audit and assessment arrangements, and will be ascertained from an assessment of potential key risk areas within the schools' financial systems. This may include payroll, procurement, income and cash handling systems, and inventories, in addition to a light touch FMSiS re- assessment.

3.5 The light touch FMSiS re-assessment will be in accordance with a "considered risk based assurance approach", as recommended in the DCSF revised guidelines on re-assessments issued in April 2010. Schools will be provided with guidance on the revised approach.

3.6 In addition, a rolling programme of themed reviews will be undertaken, commissioned by either the Director of Children's Services or Section 151 Officer.

3.7 The programme of work that can be delivered will be subject to the level of audit resources available each year, and may need revision should there be any change in the Department for Education's guidelines.

4. Financial Considerations

4.1 The programme of work will be delivered by the Internal Audit Team.

4.2 The FMSiS assessment is currently funded by top slicing Direct Schools Grant (DSG). It is anticipated that this funding will continue at the same level over the next four years.

- 4.3 The revised “considered risk based approach” to re-assessments should enable the programme of light touch re-assessments to be delivered within the existing funding for FMSiS assessments.
- 4.4 Additional costs will be incurred where a re-assessment is needed should a school fail, or additional time is needed due to the quality of the evidence provided.
- 4.5 Schools may be charged for the cost of re-assessments should they fail to meet the standard or if additional costs are incurred due to the quality of the evidence provided, at the discretion of the Director of Children’s Services and the Section 151 Officer. Appropriate criteria will be developed.
- 4.6 The cost of the probity element of the work undertaken will be met from the existing Internal Audit budget.

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