

LEWISHAM SCHOOLS FORUM		
Report Title	Annual Internal Audit Report 2014/15	
Key Decision	No	Item No. 4
Ward	ALL	
Contributors	Head of Corporate Resources	
Class	Part 1	Date: 1 October 2015

1. Purpose of the report

- 1.1. This report presents members of the Schools Forum with a summary of the 2014/15 internal audit work in schools.

2. Recommendations

- 2.1. It is recommended that the Schools Forum note the this report.

3. Background

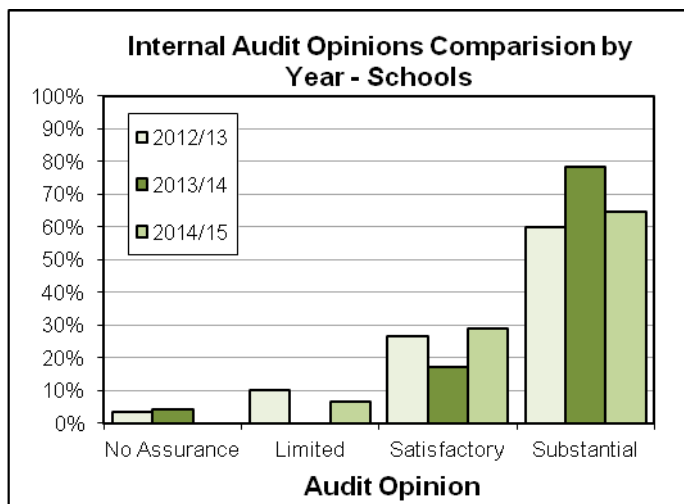
- 3.1. Each fiscal year (April to March), in accordance with the internal audit plan approved by the Council's Audit Panel, approximately one third of Lewisham schools are audited. All schools are audited once every three years on a rotational basis.
- 3.2. The Council's internal audits of schools for the 2014/15 year were conducted by the Royal Borough of Greenwich under an SLA agreement with the Council.
- 3.3. The scope of each audit reviews the key risk and control areas for effective financial governance of the resources available to the school. These are: Procurement; Income; Asset Security; Governance; Budget Monitoring; Banking; Payroll; Recruitment; and Data Security.
- 3.4. All audits conclude with a report and an assurance opinion that is shared with the Council and the School's Governors and Senior Management. The assurance opinions used by the Council are: Substantial; Satisfactory; Limited; or No assurance. Substantial and Satisfactory are regarded as positive with Limited or No as negative. A fuller description of these opinions is provided at Appendix 2.
- 3.5. Internal audit report on an exception basis (i.e. recording only areas for improvement, not all that is working well). Within each audit report where areas for improvement are noted recommendations are made. There are rated High, Medium, or Low and management record the action by when and by whom the recommendations will be addressed. A fuller description of the High, Medium, and Low recommendations is provided at Appendix 2.

- 3.6. In addition to the full audits, any school in receipt of a negative assurance opinion (Limited or No Assurance) is also subject to a follow-up audit to monitor the implementation of agreed internal audit recommendations.

4. Summary of work completed

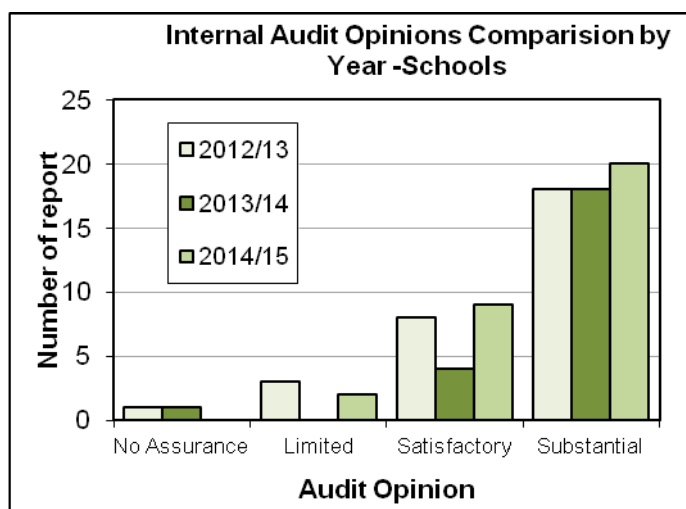
- 4.1. In 2014/15 thirty one school internal audits were undertaken. This work concluded with: twenty substantial; nine satisfactory; and two limited assurance opinions. There were no audits with No assurance. Overall in respect of the internal control framework for schools in 2014/15 this is again another positive year.
- 4.2. An overview of how this distribution of assurance compares to the previous two years is set out below. The full list of schools audited, the assurance opinion and number of recommendations is provided in Appendix 1.

Schools



Although the percentage of 'Substantial' reports has decreased from the previous year, the percentage of positive opinion reports issued overall remains high.

For the first time in three years, there were no 'No Assurance' opinion reports issued.



2014/15 was a busier year on the schools audit from with 31 reviews completed compared to 23 in the prior year.

- 4.3. In addition to the scheduled audits, due to a Limited assurance opinion, one follow-up audit nine months after the main audit was completed in 2014/15. This identified that of the original 15 recommendations ten had been implemented and five were in progress and being implemented.
- 4.4. Overall in 2014/15 schools have been issued with more recommendations and fewer substantial assurance opinions. We changed auditors for this year and this rotation may be contributing to this change – fresh eyes and more individual presentation of recommendations (rather than grouping them). At the school level this should make it easier to track and implement individual actions required. This has resulted in more recommendations being overdue and has been raised at the Audit Panel. Further analysis of the position in respect of recommendations received and progress with agreed actions is being undertaken by CYP Finance.
- 4.5. Each school is different and the internal audit recommendations are particular to the circumstances of each school. However, given the common risk areas that the audits cover it is possible to look for common areas for improvement. As reported in previous years the

common areas for improvement identified in 2014/15 continue to be in the areas of:

- Procurement practice – including getting correct quotes / tenders, ordering and receipting, as well as the use of procurement cards.
- Budget monitoring – in particular complete, timely and accurate reporting and authorisation for larger transactions (e.g. virements and use of contingencies).
- Asset security – maintaining registers for all assets and ensuring that stock checks are undertaken regularly with additions and disposals recorded (particularly for technology items).
- Payroll – ensuring background checks and tax status are checked before finalising employment.

- 4.6. The school internal audit plan for 2015/16 has been agreed, the Royal Borough of Greenwich contracted, and the audits booked in with schools.

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Appendix 1 – 2014/15 School Internal Audits

Lead Dir.	School	Assurance level given	H	M	L	Areas / Risks tested during the review	Date of final report
SCH	Elfrida Primary 2014-15	Limited	1	13	2	Governance, Budget Monitoring, Procurement, Income, Banking, Asset Management, Recruitment, Payroll, and Data Protection	05/03/15
SCH	St Bartholomew's CE Primary 2014-15	Limited	1	14	6	As above	15/09/14
SCH	All Saints Primary 2014-15	Satisfactory	0	6	2	As above	11/03/15
SCH	Brent Knoll - Special - 2014-15	Satisfactory	1	8	10	As above	19/12/14
SCH	Christ Church CE Primary 2014-15	Satisfactory	0	10	5	As above	24/09/14
SCH	Grinling Gibbons Primary 2014-15	Satisfactory	1	3	5	As above	31/12/14
SCH	Haseltine Primary 2014-15	Satisfactory	0	8	2	As above	22/10/14
SCH	New Woodlands (inc Primary PRU) 2014-15	Satisfactory	0	10	7	As above	30/10/14
SCH	St James Hatcham CE Primary 2014-15	Satisfactory	1	8	3	As above	26/02/15
SCH	St Winifreds Catholic Infants 2014-15	Satisfactory	0	5	5	As above	24/02/15
SCH	Ashmead Primary 2014-15	Substantial	0	2	3	As above	24/11/14
SCH	Baring Primary 2014-15	Substantial	0	1	0	As above	11/06/14
SCH	Beecroft Garden Primary 2014-15	Substantial	0	0	1	As above	12/06/14
SCH	Brindishe Lee Primary 2014-15	Substantial	0	1	0	As above	08/12/14
SCH	Childeric Primary 2014-15	Substantial	0	2	5	As above	31/10/14
SCH	Coopers Lane Primary 2014-15	Substantial	0	3	2	As above	26/02/15
SCH	Downderry Primary 2014-15	Substantial	0	0	2	As above	23/05/14

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Lead Dir.	School	Assurance level given	H	M	L	Areas / Risks tested during the review	Date of final report
SCH	Eliot Bank Primary 2014-15	Substantial	0	1	4	As above	01/04/15
SCH	Gordonbrock Primary 2014-15	Substantial	0	2	1	As above	01/04/15
SCH	Greenvale - Special 2014-15	Substantial	0	4	6	As above	04/03/15
SCH	Holy Trinity CE Primary 2014-15	Substantial	0	3	2	As above	09/10/14
SCH	John Ball Primary 2014-15	Substantial	0	1	0	As above	18/06/14
SCH	Kelvin Grove Primary 2014-15	Substantial	0	3	2	As above	24/02/15
SCH	Perrymount Primary 2014-15	Substantial	0	5	2	As above	27/03/15
SCH	Sir Francis Drake Primary 2014-15	Substantial	0	1	0	As above	25/06/14
SCH	St John Baptist CE Primary 2014-15	Substantial	0	0	0	As above	27/06/14
SCH	St Margaret's Lee CE Primary 2014-15	Substantial	0	2	3	As above	19/12/14
SCH	St Saviours RC Primary 2014-15	Substantial	0	3	4	As above	24/04/15
SCH	St William of York RC Primary 2014-15	Substantial	0	2	3	As above	20/01/15
SCH	St Winifred's Catholic Junior 2014-15	Substantial	0	1	1	As above	21/05/14
SCH	Rangefield School - Procurement Audit	Satisfactory	Draft		Procurement, Governance and Budget Monitoring only		

Lead Dir	Audit Followed-up	Opinion	Final Rpt	F/up Rpt Date	Implemented	In Progress	Superseded	Not Implemented	Total
SCH	St Bartholomew's CE Primary School	Limited	15/09/14	02/07/14	10	5	-	-	15

Appendix 2 – Internal audit definitions

The definitions of the assurance opinions are in the table below.

Level	Definition
Substantial Assurance ★	A strong framework of controls is in place to ensure that the service area is more likely to meet their objectives. In addition, the controls in place are continuously applied or with only minor lapses.
Satisfactory Assurance ●	A sufficient framework of controls is in place, but could be stronger to improve the likelihood of the service area achieving its objectives. In addition, the controls in place are regularly applied, but with some lapses.
Limited Assurance ▲	There are limited or no key controls in place. This increases the likelihood of the service area not achieving its objectives. Where key do controls exist, they are not regularly applied.
No Assurance ■	There is no framework of key controls in place. This substantially increases the likelihood that the service area will not achieve its objectives. Where key controls do exist, they are not applied.

In addition to the assurance opinion, for each recommendation made a category of importance is given. The table below provides the definitions of these categories.

High	It is crucial that this recommendation is implemented immediately. This will ensure that service area will significantly reduce its risk of not meeting its objectives.
Medium	Implementation of this recommendation should be done as soon as possible, to improve the likelihood of the service area meeting its objective.
Low	Implementation of this recommendation would enhance control or improve operational efficiency.