

1. Recommendations and Management Action Plan.

Rec No	Recommendations for the school	School Comments	Due Date/ Completed by	Responsible
Payroll / Establishment				
1	Create and maintain an establishment list of posts in the school and reconcile this monthly to payroll and agency records.	Agreed	Completed October 2015	
2	Ensure that there is sufficient budget prior to recruiting any new staff. As per the school's own finance policy, the Resource Committee should ensure that there is sufficient budget to recruit any additional resources. The approval should be minuted and evidence of the budget check and other relevant documentation should be kept with the minutes.	A licensed deficit was agreed in June 2015. The Interim Executive Board was installed January 2015 and replaced all other Governors Committees	Actioned Sept 2015	
Budget Monitoring and Setting and Reporting				
3	When setting the budget at the beginning of the year, ensure that all key annual costs are identified, including those in relation to the PFI charges. The establishment list could be used to identify the staffing costs.	Agreed The School IEB has agreed a budget that is consistent with the licence approved by the Council and includes PFI costs.	Done 16 June	
4	The school should contact the SFT (School Finance Team) to confirm the financial information needed if it not received in	Agreed	Completed October	

Rec No	Recommendations for the school	School Comments	Due Date/ Completed by	Responsible
	time to set the budget. This includes PFI charges or any other ad-hoc income or expenditure.		2015	
5	Full budget monitoring should be done on a monthly basis. (The template used for the SFT monitoring returns could be used for this purpose, if the finance system is not able to produce this information).	Agreed A dedicated role appointed by the IEB to this role. Monitoring being completed	September 2015 completed	
6	Monthly budget monitoring reports should be presented to the governors at each meeting. (This could be a standing agenda item).	Agreed Reports are presented to the IEB monthly	Completed 20 November	
7	Regular, timely, and complete reporting on financial matters to staff, Governors and the Council should be undertaken. To help with this, a timetable for the preparation of monthly budget and other financial reports, (including the reports due to the Council), could be created and communicated to Staff and Governors.	Agreed	Completed by Oct / Nov	
Training				
8	Run training sessions on how to use and get the most from the finance system for all staff in the school with financial responsibilities. This includes senior management within the	Agreed A peripatetic bursar has	To be completed	Tim Dolan

Rec No	Recommendations for the school	School Comments	Due Date/ Completed by	Responsible
	school.	been appointed to undertake end of month routines He will undertake the training sessions	End of January 2016	
9	Where appropriate, staff with financial responsibility should have financial training to ensure that they are fully aware of how to conduct budget monitoring and the process to go through if they find something amiss. This includes senior management within the school.	Agreed	Started October 2015	
10	Ensure that governors are provided with training on school finances and how to interpret financial reports presented to them at meetings.	The IEB are experienced Governors who are well versed in financial monitoring in a schools context and in Lewisham.	Done	
Governance				
11	Ensure full records of all Governor meetings are maintained, including documenting any decisions, actions and who is responsible. This includes any adhoc or extraordinary meetings. Records of actions should then be carried over and reported to future meetings until all are in agreement they have been successfully completed.	Agreed IEB minutes are on a published web site.	Done	

Rec No	Recommendations for the school	School Comments	Due Date/ Completed by	Responsible
12	Senior Management meetings to discuss finances should be minuted. Any actions identified should be followed up until complete. The SBM or other relevant finance staff should attend these meetings.	Agreed	To be completed January 2016	Tim Dolan
13	The school should update the finance policy to ensure that any changes to roles and responsibilities resulting from this report are now included, ensuring all staff are aware of the new changes and their responsibilities. Governors should approve the policy once updated, and then annually (or sooner if there are any significant changes).		To be completed January 2016	Tim Dolan
14	The school should update (or create) the financial procedures with any changes resulting from this report. For example, any changes to the payroll, recruitment and budget monitoring processes.	Some work underway	To be completed January 2016	Tim Dolan

Rec No	Recommendations for the council	Council Comments	Due Date	Responsible
1	The SFT should confirm their process of escalation if a school does not provide the required documentation on time and make sure it is followed. This could include emailing governors and heads of school of the	Implemented	Sept 2015	

Rec No	Recommendations for the council	Council Comments	Due Date	Responsible
	delays so all are aware.			
2	<p>Where the SFT has been made aware of schools either having or predicting to have issues with maintaining a balanced budget, closer monitoring should take place until the issue is resolved.</p> <p>This could include asking for additional budget monitoring submissions throughout the year.</p>	Implemented	June 2015	

DRAFT

APPENDIX A – Terms of Reference

SEDGEHILL SCHOOL – MARCH 2015 FINANCIAL MONITORING AND CONTROL INVESTIGATION

Purpose

To investigate the school's financial records to:

- assess the accuracy of the recently projected £1m overspend for 2014/15,
- consider the reasons for the late recognition of this position, and
- recommend the work required to avoid a repeat in the future.

Risks

The investigation is seeking to assess the following risks, all of which have the consequence of the potential for loss of resources and reputational harm adversely impacting the school's primary objective to deliver quality education and pastoral support to the children in its care.

The risks are:

- The school leadership may not have established the expected financial governance arrangements and controls to ensure only legitimate and affordable expenditure was committed to and all income due collected.
- Whether by commission or omission, the school leadership and those with financial responsibilities may not have complied with good financial practices, either on occasion or on a regular basis, to ensure that all expenditure committed to was lawful and provided best value for money.
- The school leadership may not have monitored its financial position effectively on a regular basis to ensure effective record keeping and monitoring and they are able to account for their actions.

Approach

The proposed approach to this work is in three phases with the option to extend if required based on the findings and recommendations arising from the initial work. They are:

- Phase 1 – Review the school's governance and control arrangements for managing their finances
- Phase 2 – Assess the financial practice and records against the required controls and financial position against expected outturn. The financial position will be assessed from a review of the underlying records to check their reasonableness and completeness. To ensure all expected income and expenditure is captured and reported the review will:
 - Check completeness of the financial records (e.g. monthly payroll etc..)
 - Triangulation of records underpinning expected financial outturn (e.g. bank account, finance system, payroll records, procurement commitments etc..)
 - Analytical review of reported position compared to expected position, and
 - Comparison and Benchmarking financial position and records to other similar schools.
- Phase 3 – Take stock and summarise findings and recommendations. And, if necessary, instigate further more targeted investigation or other corrective action.

This approach assumes that the work to address recommendations arising, setting the school's budget, and any required recovery plan for 2015/16 will be part of a separate

piece of work by CYP Finance that is starting now and will run in parallel with this investigation.

Timetable

It is recognised that as the school and Council approach the end of the financial year that this investigation is urgent. The intention is to have completed Phases 1 and 2 and outlined draft recommendations by the end of March. Finalising the recommendations and any further work will then be continued after Easter and a timeframe agreed once the scale of required work is known.

Records required

School

- Governors' Board and Finance Committee (or equivalent) agenda, papers and minutes
- Register of interests for governors and senior staff with financial responsibilities
- Finance policy and financial accounts for last three years (from 2012/13)
- Budget for last three years (from 2012/13)
- Bank account records and supporting bank reconciliations
- Payroll reports
- Procurement records (i.e. purchase orders, invoices, good received notes)
- Contract and asset registers
- Access to the finance system

London Borough of Lewisham

- Financial monitoring sheets for last three years (from 2012/13)
- Instructions and timetable for schools financial monitoring
- Records of the school's financial returns received and outstanding for the last three years (from 2012/13)
- Correspondence requesting, and if required, chasing financial monitoring returns
- Financial journals / bank transfers for the school

Contacts

School

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Head Teacher – Ken Mackenzie
Bursar – Grainne Hylton
Payroll provider –

London Borough of Lewisham

CYP Finance - Dave Richards
CYP Finance - Hayden Judd

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