

INTERNAL AUDIT – SCHOOL AUDIT FRAMEWORK 2021/22

INTRODUCTION AND BACKGROUND

The Internal Audit team will undertake audits in several schools as part of the 2021/22 Audit Plan, agreed by the Council's General Purposes Committee, which can be found [here](#).

By reviewing major processes, these audits will focus on:

- compliance with the Scheme for Financing Schools;
- compliance with the Council's Finance Manual for Schools, including the Contract Procedure Rules (CPRs); and
- ensuring good financial, data security, asset management and business continuity practices are in place.

AUDIT APPROACH AND METHODOLOGY

Internal Audit's approach is to ensure appropriate controls are in place to meet the requirements set out above. We will do this by:

- Understanding and documenting existing processes, frameworks and procedures. This will primarily be based on discussions with members of staff and from reviewing existing documentation;
- Assessing the adequacy of procedures and controls in operation to mitigate potential risks; and
- Test whether key controls are operating effectively through sample testing.

During the audit we will prepare and agree several key documents with headteachers and school business managers:

- Terms of Reference (ToR)– this sets out what will be covered in the audit; the key dates for deliverables by both the school and the auditor; and the information that we will require prior to the start of the audit. The ToR is a standard document that is tailored to each specific assignment.
- Draft report – this is our initial view of findings from the audit. We welcome comment on this document and are happy to clarify any misunderstandings and to incorporate any additional information at this stage. Additionally, the school is requested to provide action owners and action target dates. Target action dates are important as progress against these is measured and reported to the Assurance Board and General Purposes Committee.
- Final report – the final report is issued when key parties have agreed all changes to the draft report

Documentation, reports, links to relevant websites and any other evidence will be requested and collected through the Client Connect portal. Client Connect is a web-based service used by the Internal Audit team to request, monitor and collate documentation and evidence. For more information, please contact a member of the Internal Audit Team. Contact details are provided at **Appendix 1**.

Definitions of audit assurance levels and risk ratings for the issues identified in our reports are provided at **Appendix 2**.

At the conclusion of each audit, we will issue a client satisfaction survey. This is the school's formal opportunity to provide feedback on the audit. The feedback is really appreciated and is used to drive improvements in our service going forward. However, if any issues arise during the audit, please don't hesitate to contact us using the details in **Appendix 1**.

SCHOOL'S AUDIT FRAMEWORK 2021/22

The audit programme is designed to provide assurance that appropriate controls are in place for nine key areas, in keeping with the Schools Financial Value Standard (SFVS).

An outline of the objectives and risks for these areas, as well as examples to help schools prepare for upcoming reviews, are detailed in the framework below.

Area	Objectives	Example materials, including but not limited to:
Governance and Policies (SFVS Section A)	<ul style="list-style-type: none"> • Appropriate Governance structures are in place, are appropriately resourced and operate in line with Council regulations and best practice. • Relevant policies are in place, are reviewed and up to date and are available on the school's website. • Website content complies with Department for Education requirements and is compliant with Web Content Accessibility Guidelines (WAGC) 2.1. • The school has an appropriate and up to date business continuity and disaster recovery plan in place. 	Governing body and other committees' key documents: <ul style="list-style-type: none"> • Meeting minutes; • Organisational arrangements; • Committees' terms of reference; • Scheme of delegation (SoD); • Register of Business Interests for all governors and staff with financial responsibility (as specified in the SoD) • Governor attendance records • Governor skills matrix and • SFVS returns. All key policies and procedures listed as a requirement by the DfE
Strategy and Budget (SFVS Sections B and C)	<ul style="list-style-type: none"> • The school has a realistic, sustainable and flexible financial strategy in place for at least the next 3 years which has a demonstrable link to the school development plan. • The school sets a well-informed and balanced budget each year and this budget is scrutinised and approved by the Governing Body. The budget includes realistic assumptions and can be flexed if required. • Performance against budget is monitored throughout the year, including pupil premium; variances are investigated; and remedial actions are taken where necessary. 	Strategy and budget documentation and evidence: <ul style="list-style-type: none"> • Signed and approved annual budgets and consistent financial returns (CFRs); • A 3-year improvement/ development plan; • Evidence of benchmarking against similar schools; • Reconciliations of financial records/ systems; • Listing of unreconciled items; • Quarterly budget monitoring; • List of virements; • On-staff expenditure comparisons; • End of year financial statement; and • Deficit recovery plan where applicable.

Area	Objectives	Example materials, including but not limited to:
Procurement (SFVS Section E)	<ul style="list-style-type: none"> All expenditure incurred: <ul style="list-style-type: none"> is appropriate complies with the Council's Finance Manual for Schools' and the Council's Contract Procedure Rules (CPRs) is appropriately authorised is supported by appropriate documentation. All transactions are made under appropriate separation of duties and in accordance with the school's Scheme of Delegation. 	Procurement and expenditure documentation and evidence: <ul style="list-style-type: none"> Official order form; Record of contracts/ contract register; Examples of completed certification slip/ stamp; Related party transactions list; Annual lease return; Contract register; Signed contracts; Evidence of contract monitoring; Tender documentation; and Where applicable, documentation relating to BACS payments and HSBC-net.
Accounting Records (SFVS Section F)	<ul style="list-style-type: none"> All transactions are authorised and are supported by appropriate documentation. Income is fully accounted for and is banked promptly. Regular reconciliations are made between the accounting records, banking and supporting information. Payments are made within agreed timescales; are made in line with policy; and are appropriately authorised. Debts are reviewed to ensure prompt payment is received. All adjustments to the financial records are appropriately recorded and authorised. VAT is appropriately accounted for. 	Accounting and banking documentation and evidence: <ul style="list-style-type: none"> List of all bank account names, numbers, sort codes, bank mandates and authorised signatories; Cash/ cheque handling procedures; Safe/ safe access procedures; Petty cash and staff reimbursement records; Exports including transactions for previous/ current financial year; order and invoice numbers; budget codes; supplier details; gross and net values; and payment dates from financial recording systems on excel Bank statements; Financial reconciliations; Commercial card monitoring; Income streams, records and reconciliations; Documentation for wrap around care activities, including registers of attendance, income and reconciliations; Record of sales/income of school merchandise (e.g. Uniform) respective reconciliations and stock checks; Details of third-party hires and lettings; Documentation of ParentPay activities; and

Area	Objectives	Example materials, including but not limited to:
Private Fund (SFVS Section F)	<ul style="list-style-type: none"> The standard for the governance of the private fund is as rigorous as that for the administration of the school's delegated budget and complies with the Council's Finance Manual for Schools. 	<ul style="list-style-type: none"> Records of outstanding debts. Private fund documentation and evidence: <ul style="list-style-type: none"> Bank statements; Financial records; Reconciliations; and Private fund account audit reports
Staffing (SFVS Section D)	<ul style="list-style-type: none"> The school reviews and challenges its staffing structure regularly to ensure it is the best structure to meet the needs of the school whilst maintaining financial integrity. Appropriate pre-employment checks are undertaken promptly to ensure suitability for employment. Payments to permanent, supply and agency staff are valid and are appropriately authorised. IR35 assessments are carried out as necessary. 	Staffing documentation and evidence: <ul style="list-style-type: none"> Payroll reports; Staffing list, approved structures and benchmarking reports; All starters in the current and previous academic year on excel; All leavers in the current and previous academic year on excel; Additional hours timesheets; Agency staff orders timesheets and invoices; Safer recruitment training listing; and Single Central Register.
Assets (SFVS Section B)	<ul style="list-style-type: none"> Fixed assets and stock are properly accounted for; are kept securely; and are periodically checked for existence and condition. The school is adequately insured. 	Assets documentation and evidence: <ul style="list-style-type: none"> Fixed asset register, evidence of annual review; If not with Enfield Council, the Building and contents insurance; and Loan of Equipment records.
Information Security, GDPR and Fraud (SFVS Section F)	<ul style="list-style-type: none"> Access to the school's systems and data is well controlled. The school complies with GDPR legislation and best practice. All appropriate steps are taken to reduce the likelihood of fraud. 	Information security documentation and evidence: <ul style="list-style-type: none"> Management information system and Finance system access levels and password policies; School access and fob ownership reports; MIS access report; and payroll report, all exported to excel spreadsheets; GDPR data and compliance; and Documented staff fraud training.

Please note, this framework is a guide for schools and is not intended to be an exhaustive list of auditable areas or example materials. If you have any questions, please do not hesitate to contact the Internal Audit Team – see **Appendix 1**.

APPENDIX 1 - Contact details

CONTACTS:

Audit Team

internal.audit@enfield.gov.uk

Name	Role	
Charmaine Marshall	Internal Auditor	020 8132 1060
Janet Cutts	Internal Auditor	020 8132 1062
Lindsey Stevens	Internal Auditor	020 8132 1063
Sam Horton	Principal Internal Auditor	020 4534 1744
Lisa Byrne	Audit and Risk Manager	020 8132 1064
Marion Cameron	Deputy Head of Internal Audit & Risk Management	020 8132 1065
Gemma Young	Head of Internal Audit & Risk Management Service	07900 168938






Risk Management Team – Audit actions

Martina Trombetti	Risk and Insurance Business Admin Apprentice	020 8132 3004
Ejaz Patel	Senior Risk Officer	020 8132 1061

Data Protection Officer

Rezaur Choudhury	Data Protection Officer	020 8078 5903
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APPENDIX 2 - DEFINITION OF ASSURANCE CATEGORIES AND PRIORITIES

RISK RATING	
Critical 	<ul style="list-style-type: none"> Life threatening or multiple serious injuries or prolonged workplace stress. Severe impact on morale and service performance. Mass strike actions etc. Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers. Cessation of core activities, strategies not consistent with government's agenda, trends show service is degraded. Failure of major projects – elected Members and senior management boards are required to intervene Major financial loss – significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council; critical breach in laws and regulations that could result in material fines or consequences
High 	<ul style="list-style-type: none"> Serious injuries or stressful experience requiring medical intervention, many workdays lost. Major impact on morale and performance of staff. Significant impact on the reputation or brand of the organisation; scrutiny required by external agencies e.g. Care Quality Commission, etc. Unfavourable external media coverage. Noticeable impact on public opinion. Significant disruption of core activities. Key targets missed; some services compromised. Management action required to overcome medium – term difficulties High financial loss. Significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences.
Medium 	<ul style="list-style-type: none"> Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale and performance of staff. Moderate impact on the reputation or brand of the organisation; scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage. Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service action will be required. Medium financial loss - small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences.
Low 	<ul style="list-style-type: none"> Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale Internal Review, unlikely to have impact on the corporate image. Minor impact on the reputation of the organisation Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines. Minimal financial loss – minimal effect on project budget/cost. Minor breach in laws and regulations with limited consequences.
Advisory 	<ul style="list-style-type: none"> Advisory findings or observation that would help to improve the system or process being reviewed or align it to good practice seen elsewhere. Does not require a formal management response.

APPENDIX 2 (cont.) - DEFINITION OF ASSURANCE CATEGORIES AND PRIORITIES

LEVEL OF ASSURANCE	
Substantial ●	No significant improvements are required. There is a sound control environment with risks to key service objectives being well managed. Any deficiencies identified are not cause for major concern.
Reasonable ●	Scope for improvement in existing arrangements has been identified and action is required to enhance the likelihood that business objectives will be achieved.
Limited ●	The achievement of business objectives is threatened and action to improve the adequacy and effectiveness of the risk management, control, and governance arrangements is required. Failure to act may result in error, fraud, loss or reputational damage.
No ●	There is a fundamental risk that business objectives will not be achieved, and urgent action is required to improve the control environment. Failure to act is likely to result in error, fraud, loss or reputational damage