

<b>DECISION-MAKER:</b>	AUDIT COMMITTEE		
<b>SUBJECT:</b>	SCHOOLS AUDIT POLICY		
<b>DATE OF DECISION:</b>	25 <sup>th</sup> June 2008		
<b>REPORT OF:</b>	CHIEF INTERNAL AUDITOR		
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**STATEMENT OF CONFIDENTIALITY**

None

**SUMMARY**

The current Internal Audit Strategy was approved by the Audit Committee on 27<sup>th</sup> September 2007. The purpose of the strategy is to set out the basis for the provision of the internal audit function within the Council, including how it will be planned and delivered in accordance with the revised CIPFA *Code of practice for internal audit in Local Government in the United Kingdom (2006)*.

This policy supports the delivery of the Internal Audit Strategy through definition of the approach to the internal audit review of schools. The policy sets out the framework under which internal audit will draw from other sources of assurance as appropriate in the conduct of its work to minimise the burden of inspection on the authority's schools.

**RECOMMENDATIONS:**

- (i) That the Audit Committee approves the adoption of the Schools Audit Policy as attached.

**REASONS FOR REPORT RECOMMENDATIONS**

1. In accordance with proper internal audit practices, the Audit Committee is required to formally approve the Internal Audit Strategy and Plan. The Schools Audit Policy supports the delivery of the Internal Audit Strategy through a risk based approach to the thematic review of schools, drawing from other sources of assurance to minimise the burden of inspection on the authority's schools.

**CONSULTATION**

2. Consultation has taken place with the Executive Director of Resources; Executive Director of Children's Services and Learning; Head of Learning Services; Children's Services and Learning Finance; Governor Services; and Legal Services in the compilation of this policy.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

3. To continue to audit schools on a cyclical basis; this does not, however, comply with the risk-based approach to internal audit nor does it provide for effective use of assurance resources.

## **DETAIL**

4. In October 2006, the Department for Education and Skills [DfES] (now the Department for Children, Schools and Families) introduced the Financial Management Standard in Schools [the standard], which sets out the characteristics that would be expected to be found in schools that are well managed financially. This became a legal requirement (subject to phasing) from January 2007.
5. The s151 Officer is responsible for confirming each school's adherence to the standard. In order to form that judgement, each school's self assessment is externally assessed by Southampton City Council's Internal Audit Service.
6. Historically, internal audit reviews of schools were undertaken on a cyclical basis, following a programme of review based on the Audit Commission and Ofsted's 'Keeping Your Balance – Standard for Financial Management in Schools'. A significant proportion of those areas of review are now included in the new standard. As such, it is essential that assurance work is appropriately directed.
7. A programme of thematic reviews is proposed to evaluate the framework of governance, risk management and internal control for 'high risk' themes across a representative sample of the authority's schools, with observations appropriately disseminated to all schools. Through this approach the policy allows for assurance work to be directed in such a way that it: focuses on other key areas of risk to the delivery of school services; compliments the Financial Management Standard in Schools external assessment; avoids duplication; and delivers an assurance service that is of value to Headteachers, Governors and the Local Authority.
8. The policy further sets out a reporting framework to support the delivery of the Internal Audit Strategy, ensuring those charged with governance are appropriately engaged in the assurance process.
9. The Schools Audit Policy is attached as an appendix to this report.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

10. None

### **Revenue**

11. None

### **Property**

12. None

### **Other**

13. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

14. The FMSiS was added to the Scheme for Financing Schools in October 2006. Through directed revisions of Section 48 of the Schools Standards and Framework Act 1998, from January 2007 meeting the Standard is a legal requirement for schools, subject to the phasing that is determined locally.
15. The Accounts and Audit (Amendment) (England) Regulations 2006 require the Council to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.

### **Other Legal Implications:**

16. None

## **POLICY FRAMEWORK IMPLICATIONS**

17. None

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	Schools Audit Policy
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**Documents In Members' Rooms**

1.	None
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**Background Documents**

Title of Background Paper(s)

Relevant Paragraph of the  
Access to Information  
Procedure Rules / Schedule  
12A allowing document to be  
Exempt/Confidential (if  
applicable)

1.	None	
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**Background documents available for inspection at:** N/A

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**FORWARD PLAN No:** N/A

**KEY DECISION?** NO

**WARDS/COMMUNITIES AFFECTED:** N/A