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To: Governance and Audit Committee – 24th July 2019

Subject: SCHOOLS AUDIT ANNUAL REPORT

Classification: Unrestricted

Summary: The Annual Report summarises the Schools Financial Services (SFS) compliance programme and other activities undertaken during 2018-19 which enables the Chief Finance Officer to certify that there is a system of audit for schools which gives adequate assurance over financial management standards in schools.

FOR ASSURANCE

1. Introduction

The DfE requires that the Chief Finance Officer, (i.e. the Corporate Director of Finance and Procurement), signs an annual assurance statement, confirming that there is a system of audit for schools which gives adequate assurance over their standards of financial management and the regularity and propriety of their spending.

2. Approach

To enable the Chief Finance Officer to sign off the 2018-19 DfE Schools Financial Value Standard (SFVS) Assurance Statement, the following work strands have been completed:

Compliance programme – this is now the seventh year of the compliance programme. Internal Audit have agreed the approach in line with audit methodology that meets the definition of an “adequate system of audit”. As part of this rolling programme 86 primary, 7 secondary and 7 special schools were visited during 2018-19. Every school and PRU has at least one visit every four years. The compliance programme takes a total of four days per school to undertake the preparation, report writing, following up on recommendations and analysis of the Schools Financial Value Statement (SFVS), which is an annual self-assessment completed by schools.

Following the testing in the school, verbal feedback is given on the day and a draft report is sent to the school within 10 working days. On receipt of the school’s response, any appropriate amendments are made by SFS and a final report issued. This report is sent to the Headteacher and Chair of Governors to be presented at the next full governing body meeting with the expectation that the recommendations will be put in place promptly. There is a follow up process and where necessary further visits are undertaken in schools to check that high risk controls have been put in place. An evaluation of our compliance

process is sent to schools to further engage them and to inform SFS of any developments that could enhance the programme.

The questions are reviewed annually to ensure updated controls are included and high risk areas are adequately covered. Schools are reminded of the existing financial controls along with any necessary changes made to them, using a variety of communications including E Bulletins, Finance Information Groups and training programmes.

The compliance programme has been audited annually by Internal Audit resulting in an overall opinion of High in 2018-19 with no areas for improvement, this is the second year where this judgement has been made.

Schools Financial Value Standard – Schools complete an annual self- assessment which is agreed by governors and is sent to SFS as part of schools' statutory returns. This document is referred to when conducting a compliance visit and is referenced within the report against any recommendations made.

Review and feedback of financial information – Schools Financial Services analyse schools Revenue and Capital three year budget plans, half year accounts, six and nine monthly monitoring along with the year end returns that feed into the corporate accounts. Appropriate feedback is provided to schools on their three year budget plan, half year accounts and six and nine monthly monitoring.

Provision of financial support – As part of our traded services 36.2% of schools have purchased a regular contract in 2018-19 where experienced SFS staff work with the schools, generally on the school site. A further 25.1% have purchased ad-hoc support and 99.4% of schools purchased a core finance package offering phone and email support in all aspects of budgeting, financial controls and procedures.

Training – There is a comprehensive finance training programme for Headteachers, senior leaders, bursars and governors and Finance Information Groups for bursars and other finance staff. During 2018-19 there were over 90 training courses and 12 Finance Information Groups attended by over 1200 delegates from Kent maintained schools and academies.

Themed audits undertaken by Internal Audit – There were no financial themed audits carried out by KCC's Internal Audit team in 2018-19.

3. Summary of Findings

Alongside the compliance programme, the analysis of returns, training programme and traded activities with schools, Schools Financial Services regularly liaise and work with other colleagues who support schools, including the Area Education Officers and School Improvement Officers to ensure KCC have a complete picture of a school to support the Headteacher, finance staff and governors to ensure the school is financially well managed.

The compliance programme consists of 98 questions covering governance and leadership, financial planning and monitoring, payroll, procurement, corporate cards, bank accounts, petty cash, income, assets, data protection, school development plan and health and safety.

The attached appendix details the number of critical and requires action recommendations within each category of the compliance programme for 2017-18 and 2018-19 for maintained schools.

4. Opinion

It is considered that the comprehensive compliance programme and themed audits (when undertaken) the statutory information analysed, training programme, traded work completed in schools and the schools' own self assessments provide suitable assurance for the SFVS Statement to be signed.

5. Recommendations

Members are asked to note the contents of this report for assurance.