

Final Internal Audit Report

Schools Forum

February 2018

Distribution: Executive Director of People (Final only)
 Director of Education and Youth Engagement
 Head of Standards Safeguarding and Youth Engagement
 Head of Finance for People Department
 Senior Management Accountant – Schools

Assurance Level	Recommendations Made	
Substantial Assurance	Priority 1	0
	Priority 2	1
	Priority 3	0

Status of Our Reports

This report ("Report") was prepared by Mazars Public Sector Internal Audit Ltd at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Mazars Public Sector Internal Audit Ltd. accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality

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1. Introduction

- 1.1 The Croydon Schools' Forum is a statutory body set up to consult and make decisions regarding funding arrangements such as the Schools' Funding formula, the minimum funding guarantee, and spend deficits.
- 1.2 The Schools' Forum must act in accordance with the Schools' Forum (England) act 2012 and with current Department of Education guidelines. Such requirements see that the Schools' Forum should meet at least four times per academic year, and be held in a specific quorum (40% of membership).
 - In the past 2016/17 academic year, seven meetings have been held, whilst an extraordinary meeting scheduled for April 2017 was cancelled due to no urgent business needing discussion.
 - All meetings to have occurred in the past 2016/17 academic year have been held in quorum and therefore all decisions taken by the Schools' Forum to date have been accepted by Croydon Council.
- 1.3 Members of the Schools' Forum are elected to represent different parts of the local education system and includes representatives of school and academies and other non-school representatives such as those for trade unions, councillors, and pupil referral units. Non-members can attend meetings, but are not able to vote on matters. Membership should be reviewed on an annual basis, as the term of office is three years for each member.
- 1.4 The audit is being undertaken as part of the agreed Internal Audit plan for 2017/2018.

2. Key Issues

- 2.1 A Substantial level of assurance has been given. The Croydon Schools' Forum has sufficiently detailed Terms of References (ToR) for the Forum itself, as well as for the working groups. Regular meetings take place of the Schools' Forum, in excess of the four meetings recommended as a guideline by the gov.uk website. The Forum's ToR aims for at least seven meetings per annum.

Priority 2 Issue

The June 2017, October 2017 and November 2017 Schools Forum Agendas were not available on the Schools Forum website. In addition, the June 2017 meeting minutes were not yet available on the website. **(Rec 1)**.

Control Area 4: Meetings		Detailed Finding/Rational – Issue 1
Priority	Action Proposed by Management	
2	<p>This coincided with a change in the Clerk to Schools Forum and was an administrative oversight. The new Clerk will be made aware and the Responsible Officer will ensure that all relevant agendas and minutes are posted on the website in accordance with agreed publishing protocols.</p> <p>Response from the Senior Business Support Manager:</p> <p>[This was highlighted to the Clerk and Deputy Clerk recently (by the Head of Standards Safeguarding and Youth Engagement I believe) and I know the clerk has resolved the uploads in liaison with our internal comms team].</p>	<p>The Schools Forums (England) Regulations 2012 paragraph 8 (13) states that, 'The authority must promptly publish all papers considered by the forum and the minutes of their meetings on their website.'</p> <p>The agendas for the June 2017, October 2017 and November 2017 school forum meetings were not available on Croydon Schools' Forum website. In addition, the minutes for the meeting held on June 2017 were not yet available on the website.</p> <p>Where meeting agendas and meeting minutes are not readily available, there is a lack of transparency and a risk that interested parties are unable to review the decisions made or are not aware of forthcoming decisions.</p>
Responsible officer	Deadline	
Director of Education and Youth Engagement	Immediate	

TERMS OF REFERENCE

Schools Forum and Its Role in Funding

1. INTRODUCTION AND BACKGROUND

- 1.1 The Croydon Schools Forum (CSF) is a statutory body in place which meets approximately seven times per year (three per term). The CSF meets on a regular basis in order to make decisions regarding the Dedicated School Grant (DSG) funding received from the central government.
- 1.2 The CSF includes Head Teachers and Governors from the different types of schools which make up the borough and also elected members. In addition a number of Council officers also attend the CSF meetings as observers, such as the Director of Education and Youth Engagement, the Head of Finance for the People Department and the Senior Management Accountant – Schools. There is also an open invite to the DfE.
- 1.3 Schools membership is determined by pupil numbers and is reviewed on an annual basis.
- 1.4 This audit is being undertaken as part of the Internal Audit Plan for 2017/18.

2. OBJECTIVES AND METHODOLOGY

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of the control environment relating to the Schools Forum and Its Role in Funding.
- 2.2 In order to achieve the overall objectives, a risk based systems audit approach will be carried out, documenting and evaluating the actual controls against those expected and based on this, undertaking appropriate testing conducted.
- 2.3 The key findings and conclusions will be presented at an exit meeting and followed by the circulation of a draft report for consideration and for management to identify suitable actions. Once agreed, a final audit report will be issued.

3. SCOPE

- 3.1 The audit will include the following areas:
 - Schools Forum Roles and Responsibilities
 - Compliance with DoE guidance
 - Composition of the Schools Forum and Member Appointment
 - Meetings
 - Funding Agreement
 - Review of the Schools Funding Formula, Scheme for Financing Schools, etc.





3.2 The audit included the following areas:

Control Areas/Risks	Issues Identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Regulatory, Organisational and Management requirements	0	0	0
Compositions of the Schools Forum	0	0	0
Compliance with DoE Guidelines	0	0	0
Meetings	0	1	0
Funding Arrangements	0	0	0
Review of the Schools' Funding Formula, Scheme for financing schools, etc.	0	0	0
Total	0	1	0

DEFINITIONS FOR AUDIT OPINIONS AND RECOMMENDATIONS

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are consistently applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to recommendations are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that represent an exposure to risk and require timely action.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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