

Internal Audit

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Internal Audit

1 What is Internal Audit?

1.1 There is a statutory requirement for every local authority to make arrangements for the proper management and control of their financial affairs. Birmingham City Council delegates this responsibility to the Chief Finance Officer. As part of discharging this responsibility the Chief Finance Officer places reliance on the assurance provided by the Internal Auditors . Birmingham Audit.

1.2 Birmingham Audit undertakes work within all Council Directorates. It sits within the Council Management Directorate and provides an independent viewpoint. Areas of work covered include:

Objectively examining, evaluating, and reporting on the adequacy of financial and non-financial internal controls

Providing assurances on the quality of the internal control environment

Assessing for value for money

Assessing the quality of both financial and operational decision-making

Reviewing the robustness of risk management

Undertaking fraud investigations

Assessing for compliance with laws, regulations, and good practice

1.3 In relation to schools, the aim of Birmingham Audit is to provide:

Assurance to the the Chief Financial Officer (CFO) of the local authority (Director of Council Management), the Director of Children and Families and individual schools Governing Bodies/Senior Management.

An added value service to help schools deliver their services in an efficient, economic, and accountable way.

2 The Audit of Schools

2.1 Why do we audit schools?

2.1.1 The requirement to audit locally managed schools was originally established in the Department of Education and Science Circular 7/88, issued in 1988, stating that the accounts of schools with delegated budgets will be subject to regular internal audit.

2.1.2 Current requirements are documented within the Birmingham Fair Funding Scheme for Financing Schools. This state:

agreed with the Head Teacher based on each individual

2.4.4 Follow Up Reviews

2.4.4.1 All schools receiving a routine visit will also receive a follow up review. This happens in one of two ways:

Where a school has received a level 3/4 assurance high risk rating following an audit, they will be subject to an intensive follow up review process consisting of up to 3 reviews at 3 months intervals after the final audit is issued; the first

If the Governors feel it would be beneficial, **Birmingham Audit will attend a Governing Board meeting to present the outcomes of the audit visit.**

3. The Reporting Process

- 3.1 At the end of an individual audit, the Head Teacher or other designated officer will receive detailed feedback, giving an indication of the outcome of our work. Should the content of the feedback change significantly following the internal review of the

3.4.3 The Action Plan details the areas where recommendations have been made. It includes:

- Details of the control objectives reviewed
- Findings
- Recommendations
- Client comments including officers responsible for implementing recommendations and date of implementation

4. Advice & Guidance

4.1 As well as undertaking the programme of school audit work and responding to requests for training and presentations, Birmingham Audit officers are also available to offer advice and guidance, or just to talk things through.

4.2 To complement the advice and guidance we provide we continually look to enhance our communication with schools. One method currently used is our termly newsletter for schools - [www.birmingham.gov.uk](#) awareness, highlights best practice, and details how we work, and who schools may see when audit visit. continually look to

Financial Training for Governors
Ad hoc training as required

5.3 The cost of consultancy

SFPM: Internal Audit

4.02	The 3-year financial plan provides realistic predictions for the school development plan.	Governance Handbook October 2020 Schools Financial Procedures Manual Directorate Requirement SFVS
4.03	The Local CE~c@[!âc^Á Ù&@[[q•Á Øä}æ}&âæ Á Services Team has been informed n rmed	

5.03	The use of carry forward surpluses in order to set a balanced budget is only done as a short-term measure as continuing to do this creates a risk of deficit in future years.	Schools Financial Procedures Manual
5.04	Carried forward balances should be properly managed. This includes:	

Section 6: There are effective systems and controls in place for purchasing (not including purchase cards) and compliance with SFPM.

NO	Expected Control	Reason for Control
6.01	Official orders should be raised and management system in advance of making purchases. Only in exceptional circumstances should verbal orders be used. In such circumstances, official orders should be raised and authorised within 24 hours of the order being made.	School Financial Procedures SFVS
6.02	Two people should be involved in the	

7.02	<p>Prior approval has been sought from Governors for all expenditure above the limits identified within the P^æáÁ V^æ&@^!q•Áæ}áð[!Áæ}^Á [c@^!Á } [{ á}æc^áÁ [~á&^!q• delegation statement.</p>	<p>Schools Financial Procedures Manual</p>
7.03	<p>Ongoing monitoring of cumulative expenditure with individual suppliers should take place with reporting to the governing board on a termly basis for the current year. An annual report should be produced and reviewed that provides detail over three/five previous financial years or life of the contract to ensure it does not exceed financial limits.</p> <p>When expenditure accumulates to or is more than £10,000 (this may cross several financial years then three written quotations should be obtained. A tender process will be required if such expenditure exceeds the procurement thresholds.</p>	<p>Schools Financial Procedures Manual</p>
7.04	<p>All expenditure linked to individuals connected with the school has been appropriately authorised and procured;</p>	

8.02