

## **BIRMINGHAM CITY COUNCIL**

### **PUBLIC REPORT**

<b>Report to:</b>	<b>Audit Committee</b>
<b>Report of:</b>	<b>Acting Assistant Director, Audit &amp; Risk Management</b>
<b>Date of Meeting:</b>	<b>21<sup>st</sup> June 2016</b>
<b>Subject:</b>	<b>Birmingham Audit - Schools Visit Programme</b>
<b>Wards Affected:</b>	<b>All</b>
<b>1. Purpose of Report</b>	
1.1 To provide the Audit Committee with an update on the establishment and output of Birmingham Audit's school visiting programme.	
<b>2. Recommendations</b>	
2.1 Members note the contents of this report.	

### **3. Background to Establishment of Team**

- 3.1 Birmingham Audit has re-established a schools visiting team as part of the Economy Directorate's support for the Education Improvement Plan. Following discussions with senior management within the Directorate for People it was felt that a programme of audit visits, to review aspects of governance, finance and safeguarding, would help to monitor key elements of practice within schools and provide the opportunity to deliver 'early warning' intelligence to the Directorate on potential issues of concern. Additionally, the work would give additional assurance to the Directorate on the control environment in place within Birmingham schools. As part of the Directorate's funding package to deliver the Education Improvement Plan Birmingham Audit was allocated funding over a two year period (approved on 1 April 2015) to establish the new schools visiting team.

### **4. School Visiting Team Structure**

- 4.1 The structure of the visiting team has been influenced by the funding allocated, the initial time frame for which it has been guaranteed, and the requirement to maximise the number of schools visited within the funding timeframe.
- 4.2 The team is led by a Principal Auditor who reports directly to the Group Auditor responsible for the Directorate for People. The Principal Auditor has responsibility for liaison with the Directorate, undertaking the more complex school visits, and for the management and direction of 4 Audit Assistants who undertake the school visits.

### **5. The Programme of Work**

- 5.1 The programme of work has evolved through collaborative work with the Directorate and reflects issues and key risk areas identified within the Education Improvement Plan. Fundamental to ensuring that the programme is effective and adds value to the Directorate, and does not overly burden schools at a time when there are many inspectorate regimes, has been the need to ensure that the work does not duplicate work being delivered elsewhere within the Directorate.
- 5.2 The initial programme was signed off by Colin Diamond (Executive Director, Directorate for People) and Kay Reid (Assistant Director, Audit and Risk Management) in July 2015. It has changed since its initial inception both in response to feedback from school Governors and Head Teachers, and to reflect changing Directorate for People priorities.
- 5.3 The work programme, which is currently being reviewed in line with changing priorities and structures within the Directorate for People, primarily focusses on Governance, Finance and elements of Safeguarding. The review seeks to identify whether the following objectives are being met:

- That an appropriate governance framework has been established.
- That Governance arrangements at the school are working effectively.
- That Financial Governance oversight is in place and working effectively.
- That the Governing Body and Senior School Leadership are effective in Setting vision, ethos and strategic direction.
- That the Governing Body and Senior Leadership are happy with the way the school is run, a culture of tolerance and mutual respect is in place in the school.
- That the school budget is being planned and managed effectively.
- That there is compliance with the schools delegation framework.
- That there is compliance with key controls for managing attendance.
- Controls are in place for aspects of Safeguarding (Section 175, Prevent and No Platform Only).

5.4 Schools to be visited are selected on a monthly basis. Initially they are randomly selected, after which the list of proposed visits is provided to officers within the Directorate for People for review. This gives them the opportunity to inform us of schools to be removed from the list (due to issues known within the Directorate) or add alternative schools if there is a need for an early audit visit. Once responses have been received schools are notified.

## **6. Liaison with the Directorate for People**

6.1 Consultation and liaison with the Directorate has been undertaken by the Principal Auditor through attending the Cross Cutting Group, Improvement Plan Programme Board and Senior Leadership Team. Also individual meetings were held with key individuals to develop the areas for review. There has been significant engagement with the school community both in terms of discussion areas of review and delivering presentations to interested parties including School Forums and the Birmingham Bursar group.

6.2 As well as the visits programme Birmingham has responded to four requests from the Directorate to visit schools where it has been deemed that there are performance issues. This work is generally specifically targeted and only elements of the agreed work programme would be applicable.

## **7. School Feedback**

7.1 The initial work programme did create some resistance, and critical feedback, from schools receiving audit visits, however once the work programme had been reviewed and amended (in conjunction with schools and the Directorate) feedback has been very positive. There have been a significant number of positive comments from Head Teachers and Governors including:

“The audit has been an exacting exercise but well worth while...”

“We have found it a very helpful experience and something we can learn from”

“The process has been a learning experience with guidance for future action points clarified during the audit”

“The school’s experience was very positive. There were recommendations due to the deep interrogation of our systems/processes and these will .... Improve the efficiency of our school”

“Whilst the Internal Audit, by its very nature, is a stressful experience, I have found it useful, as it provides the school with an external validation of the school's current position and what is needed to improve further”

## **8. Outcomes and Issues**

- 8.1 The audit visit programme commenced at the end of September 2015 and during 2015/16 a total of 36 visits were undertaken. (This is lower than initially predicted due to staff resource issues). We anticipate a further 33 visits will be completed by the end of July 2016/17.
- 8.2 The schools visited generally had effective systems of control in place and there was clearly an intention to do things correctly and for the benefit of the school. There are areas for development which would further improve both strategic and operational delivery, but no significant weaknesses that would give us undue concern regarding the management of the schools visited was identified.
- 8.3 The key findings identified are summarised below:
  - 8.3.1 Governance - Schools are high pressure environments, and the demands on Governing Bodies are increasing all the time. Workload pressures have contributed to delays in Governing Bodies responding to the need to self-evaluate their skills and their impact on the school.
  - 8.3.2 Financial Governance - Weaknesses were found in the delegation framework in a proportion of schools, which do not stop the school functioning effectively but means that there is not the required clarity around financial responsibilities. Improvements were required to the production and submission of the Schools Financial Value Standard return and the Statement of Internal Control, key documents in terms of school self-evaluation.

- 8.3.3 Strategic Oversight – Governing Bodies were still developing an overarching school strategy which should be used to drive the improvement plan. Governing Bodies were not formally approving the School Improvement Plan.
- 8.3.4 Budget Planning – Whilst day to day financial management was well established there were a number of schools that are relying on their carry forward balance surplus to set a balance budget. This poses a risk for future years when the surplus has been utilised unless actions plans to reduce expenditure/increase income are developed.
- 8.3.5 Delegated Powers - There has been a degree of non- compliance with school financial procedures and the delegation framework for schools expenditure, in-particular the effective monitoring of cumulative expenditure to ensure value for money obtained.
- 8.3.6 Safeguarding – Schools were well aware of their responsibilities in relation to safeguarding their children and take that responsibility seriously. However, the need for improvements were identified in respect of the effective monitoring of IT and Internet use and undertaking due diligence prior to lettings for both safeguarding and the ‘No Platform for Extremism Policy’ (Responding to speakers promoting messages of hate and intolerance in Birmingham) requirements.
- 8.3.7 Attendance - Overall attendance was well managed and effective arrangements were in place. Two areas were identified that require further development – the retention of sufficient records where pupils leave a school in year, and ensuring correct code were used to record attendance.

## **9. Legal and Resource Implications**

The Internal Audit service is undertaken in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations 2015.

## **10. Risk Management and Equality Analysis Issues**

Risk Management is an important part of the internal control framework and an assessment of risk is a key factor in the assurances we give on school strategic and operational management.

Equality Analysis has been undertaken on all strategies, policies, functions and services used within Birmingham Audit.

## **11. Compliance issues**

City Council policies, plans and strategies have been complied with.

## **12. Recommendations**

Members note the contents of this report.

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