

The Auditor Spring 2022 - Issue 61

Termly School Newsletter from Birmingham Audit

Helping you to manage risks and provide effective services

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Foreword written by Don Price

I have been reflecting on how things change and yet much stays the same. Pressure is always there, change itself is always there, and I think it is true to say the progress has no patience, but it does not always deliver improvement. You may notice that this terms Auditor looks a bit different – we have had to change the style and look to meet City Council Corporate Policy. We are looking at ways to make it a little more interesting for future issues.



We have seen huge change on a global scale in recent years, the coronavirus pandemic and the war in Ukraine has impacted on us all.

Of much less significance, but extremely important for the operation of the City Council, is another change. Oracle Cloud replaces Voyager and People Solutions from April. This should be a positive change for everyone but will come with its own challenges as we all un-learn, re-learn and adapt. Such changes are very rarely painless but the long term benefits are huge for everyone.

One constant is the passion for teaching and learning within Birmingham's schools. Colleagues from our schools visiting team recently had the pleasure of supporting School and Governor Support, and Schools Financial Services, with the Managing Financial Resource for Governors. It was so encouraging to meet such dedicated volunteers willing to learn and engage for the benefit of the pupils they serve. Not forgetting the school support officers who continue to learn and develop in order to keep the operational wheels turning.

Other less pleasant constants include government pressures on schools to raise attainment, whilst finances remain tight and budget pressures increase need to improve systems and controls continues to feature in The Auditor and this is a reflection of the learning journey, we are all on. have recently seen some improvements in the management of income which is fantastic but there's still some way to go – it may not seem a major area for schools, but it is often a barometer of the approach to financial management overall. There have been many articles on income over the years! Have a look at Natalie's latest article on page 4.

At least there's no change to the school holidays – for now!

Wishing you all a wonderful Easter Break.

School Audits Article Written by Karen Smith Principal Auditor



All you need to know about our school routine audits...

I would like to take the opportunity to thank those schools that have had an audit during the Spring 2022 for supporting the audit process and our auditors.

Full Audits

We have continued with our school audit visit programme throughout the Spring Term 2022 despite the continued challenges faced by schools due to the coronavirus pandemic. We have worked with each school to agree an approach and fully appreciate their flexibility when the impact on staff resources due to the pandemic has been great.

Intensive Progress Reviews

We have continued with our Follow Up audits called 'Intensive Progress Reviews' for schools that had received a report with a Level 3 Assurance/High risk rating. This includes two short management assurance discussions followed by a validation review.

The Intensive Progress Review process is having a positive impact on the implementation of recommendations and the ability of schools to manage risk effectively.

Surveys

You will be aware that our routine planned audits include the issuing of a short survey to all members of the Governing Board and the Senior Leadership Team. We are currently looking into moving these from email/paper based onto Microsoft Forms. This is in response to a small number of schools rightly questioning our approach with regards to the forms being anonymous. We are looking to pilot these in the Summer term so watch this space!

Business as Usual

We shall continue to strive to give schools three weeks' notice of a pending visit. In giving schools advance notice we hope you will be able to work with us in supporting any need for flexibility and start preparing the documentation in advance.

As ever we ask that you contact as soon as possible on receipt of your visit notification if there are any reasons that the suggested date will cause significant operational challenges. We can give this consideration and possibly make changes to the plan so that another school can be slotted in.

In the interest of helping the environment and moving to our new way of working we will be asking for your support in providing evidence and documentation to us in an electronic format.

A full list of the controls reviewed during our audits is available on request. If you have any queries or concerns, please do not hesitate to contact me. Karen Smith, Principal Auditor. Telephone: 07885236038. Email: karen.p.smith@birmingham.gov.uk

Financial Transparency School Website Article written by Sally Bojang Auditor



A reminder for your school website...

In July 2020 the DfE published its Government Consultation Response - Financial Transparency of Local Authority Maintained Schools and Academy Trusts document.

There are a couple of areas we are now checking during our audits that the school should by now have in place and on the school website with effect from January 2021 these are annual salaries over £100,000 and links to the benchmarking website.

Annual Salaries over £100,000

Schools should publish on their websites the number of employees (if any) who have a gross annual salary of £100,000 or more in increments of £10,000. The reason for the requirement is to improve financial transparency and to decrease the disparity between the public access to information on high salaries between maintained schools and academy trusts. The requirement which now forms one of the questions in the Schools Financial Value Standard (questions 16) was reported in the Autumn Term 2021, issue 60 of The Auditor.

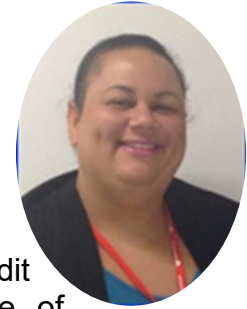
The gross annual salary for this purpose includes the gross amount the employee receives and excludes employer on-costs such as pension contributions. In essence the gross salary considered is the amount that appears on the employees' payslip.

If you have no employees earning a gross salary of £100,000 and above, we recommend that you state this on the school's website to demonstrate that you have complied with the requirements.

Schools Financial Benchmarking

A link to the web page which is dedicated to your school on the Schools Financial benchmarking website: [schools financial benchmarking service](#) should be provided on the school's own website. This website enables schools to compare income and expenditure with other similar establishments in England, the information can also be used to establish relationships with other schools and Academy Trusts in order to share best value practices.

Cash Income Article Written by Natalie Mardenborough Auditor



Expected controls for Cash Income...

During the Spring term 2022 the visiting team undertook a themed audit to review the operational management arrangements for a sample of schools. We assessed their adequacy and compliance, with specific emphasis on whether the Schools Financial Procedures were being adhered to.

More schools are moving to cashless systems, but this is a transitional process and often a smaller amount of cash income is still collected. Schools need to be mindful that sound financial controls around this cash income are still important. Here the key areas that schools with cash income should check they have in place:

- Records that provide a complete audit trail from income received from pupil to banking.
- Where practical banking and collection should be undertaken weekly. For some schools this is cost prohibited due to the small amount of cash. In such circumstances the risk should be discussed and agreed with the Governing Board.
- Income should be posted on the school's financial management system within two weeks of banking. Officers should not wait for the income to come down on suspense. This supports reconciliation and financial monitoring.
- Income should be posted onto the Local Authorities income portal promptly at the point of banking collection. This will ensure the school receives the income banked.
- Where cash is handed over from one individual to another both should sign and date to say they agree with the amounts being handed over.
- To ensure division of duty there should be two people involved in the banking process, both should sign to say they agree with amounts banked.
- A record of banking bag numbers should be maintained. They should be stored in a secure location and issued in strict numerical order. There should be an audit trail from paying in slip to banking bag number. This will help to identify income should it not show as reaching the bank.
- Ensure that only official funds are banked into the official fund, funds should not be mixed.
- Check you know your safe cash insurance limit and that this is not exceeded. If you are unsure contact the Local Authorities insurance team on insurance@birmingham.gov.uk
- Safe key holders must keep their key on their person and take it home with them at night. Ideally as a minimum there should be two safe key holders.

The Schools Financial Procedures Manual chapter on Income and Cash Handling is going to be strengthened shortly - look out for updates from Schools Financial Services.

If you have any concerns regarding your controls around cash income, please do not hesitate to contact the schools visiting team see [page 09](#) for contact details.

Financial Management Activities Article

Edited by Karen Smith Principal Auditor

Working with Schools Financial Services...

Multi-Year Budget Plans

Lana Forrester, Head of Schools Financial Services, reminds schools that this is the second year that the DfE requirement to complete and submit a multi-year plan will be in place. This plan should cover the following financial years: -

- 2021/2022 Forecasted outturn
- 2022/2023 Budget plan for 2022/23

N.B Approval should be sought and obtained from the Governing Board included and recorded as such in the relevant minutes. Once approved the budget plan should be fixed onto the schools MIS system. This should be ideally prior to any expenditure being incurred including the April payroll.

- 2023/2024 Forecast of Income & Expenditure
- 2024/2025 Forecast of Income & Expenditure

Deadline for the submission of the signed budget plan to SFS is the 31st May 2022.

Schools Financial Procedures Manual

Work is continuing on the updates to the Schools Financial Procedures Manual. The last two chapters that have been recently revised are; Fraud Awareness and VAT.

For any queries on any of the above or support in any financial matters please contact the Schools Financial Services Team on the following:

Head of Service: Lana Forrester lane.forrester@birmingham.gov.uk

SFS Area Finance Managers

Emma Dyer: emma.dyer@birmingham.gov.uk

Leigh Farmer: leigh.farmer@birmingham.gov.uk

Julie Hobbins: julie.hobbins@birmingham.gov.uk

Elaine Leith: elaine.a.leith@birmingham.gov.uk

Fraud Spotlight on Schools Article Written by John Preston Group Auditor

All the latest fraud information ...

Fraud Awareness for Schools

The Corporate Fraud Team have been working together with a company called Meritec to develop an e-learning module specifically to raise fraud awareness in schools. The overall aim is to equip staff with the necessary knowledge to help minimise the risk of fraud.



The e-learning course will be offered out to all Birmingham schools free of charge. We will be recommending that the Chair of Governors, the Chair of the Finance Committee, the Headteacher and those staff involved with the finances of the school complete it.

The learning should give a greater insight into the different types of fraud that can affect schools and provide tips on preventing and detecting fraud, along with what to do if you have any suspicions.

We'll provide further information on how you can access the e-learning course in the next edition.

If you have any questions or concerns you would like to discuss please feel to call me on 07825979269 or 0121 303 9335, or you can email me. john.preston@birmingham.gov.uk. If I am not available, please email FraudHotline@birmingham.gov.uk.

TV Licensing Scam

We have recently been alerted to a scam e-mail that has been sent to a school purporting to be from TV Licensing. On first viewing, the e-mail appears genuine and asks the recipient to click on a link to access their on-line TV Licensing account. However, the links in such e-mails divert the recipient to a web page that appears legitimate but isn't and may require you to input information that fraudsters then use to access accounts or sensitive data.

This is known as 'Phishing', a common scam where fraudsters try to illicit bank account details, including security passwords, by sending out an e-mail that purports to come from a reputable organisation or official source.

In this instance, unfortunately the school failed to spot it was a scam and inputted the school's bank account details into the web page, thinking they were renewing the TV Licence for their afterschool club. The fraudsters used these details and phoned the school, purporting to be from their bank's fraud team. They claimed that there had been unusual activity on the school's bank account and duped the Business Manager into giving authorisation to release payments, which ultimately went to the fraudsters.

Fortunately, the fraudulently obtained payments have since been reimbursed by the school's bank.

Our advice is to remain vigilant and always question the legitimacy of any such e-mails that you receive, particularly if you weren't expecting any communication from the purported sender. Here are some practical tips listed below:

Check to see if your name and address and/or account details are given in the e-mail, as if they are not, the likelihood is that it's a scam.

Check the email address that the email has come from – does it resemble what you would expect from the organisation purportedly sending the email?

Are there spelling errors in the email address or the body of the email itself?

Do not click any links within the email itself but instead access your account separately to see if the issue being emailed about is genuine.

Do not call any telephone numbers within the email itself. Instead, find the telephone number for the organisation from another source and query the legitimacy of the correspondence.

If you are in any doubt, please contact the Corporate Fraud Team on 0121 303 9335 / 07825 979 269, or via email – FraudHotline@birmingham.gov.uk

Spear Phishing

Spear Phishing is an increasingly common way for criminals to target organisations to steal money and data. The attacks are becoming more and more sophisticated and can be difficult to guard against.

So, what is Spear Phishing and how can we help to prevent it?

Spear Phishing is a type of targeted social engineering attack. A fraudster will use various sources to glean information about an organisation and then use that information to masquerade as a trusted source to trick employees into clicking links in emails, providing personal data or downloading software.

This type of attack may involve impersonating a senior member of staff, or someone from a particular department, such as HR or Finance. Emails will then be sent to employees, pretending to be from that official source to encourage the recipient to provide sensitive information or to make a payment.

Spear phishing attacks often rely on a sense of urgency to the request, usually with a consequence for failing to respond. They are often targeted at busy and important times of year, such as the end of a financial year.

The Government's Centre for the Protection of National Infrastructure (CPNI) have provided some material for organisations to use to highlight the dangers of Spear Phishing and to remind staff to be on the lookout for such attacks.

They have produced a short video, which we would encourage you to watch on YouTube here: <https://www.youtube.com/watch?v=ygON2B9-xTw>

There are also some posters that can be printed and displayed in the school office as a visual reminder, along with booklets and guidance on the issue and even a short quiz to test your knowledge. It might even be a good subject to discuss with secondary school students!

All the material is available here: <https://www.cpni.gov.uk/security-campaign-assets/don%E2%80%99t-take-bait>

Governance Article Edited by Karen Smith

Principal Auditor

Working with School and Governor Support ...

School and Governor Support team have asked us to remind maintained schools of the pivotal role Governors play in setting the annual budget and agreeing the multi-year budget.

Governing boards have a strategic role which includes responsibility for setting educational and financial priorities, this includes approving the annual budget. Boards should be seeking assurance from school leaders that the school's financial arrangements are in place and operating effectively. To do this, boards should have the necessary knowledge and skills to confidently challenge leaders in the right way.

When the annual budget plan and supporting papers are presented, governors need to be sure that they are receiving the right level of information to enable them to question and challenge leaders appropriately, before approving the budget plan.

It may be tempting to consider the information provided in the budget supporting papers and take it on face value, however, always accepting the information provided by leaders without question is not good practice. Governors should be encouraged to provide detailed scrutiny as this supports the Senior Leadership in ensuring that educational and financial priorities are aligned and met.

Listed below are some of the tools that can be used to provide governors with useful information and provide assurance that the schools financial management arrangements are robust or if they require remedial action. It is recommended that all boards consider how these can be used to best effect through conversations with school leaders, school's finance professional or the school's financial consultant.

[School resource management: top 10 planning checks for governors - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

[Schools Financial Benchmarking - GOV.UK \(schools-financial-benchmarking.service.gov.uk\)](http://schools-financial-benchmarking.service.gov.uk)

[School resource management - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

[View my financial insights - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Governors that have concerns about their school's financial position should ensure that school leaders engage with BCC Schools Financial Services at the earliest opportunity to discuss options to proactively manage the situation.

Details of training for governors, including modules specifically around finance and challenge can be found on the Birmingham Education Support Services [BESS](#) website or via the [School and Governor Support Current Training Offer](#) on the BCC website

School and Governor Support (S&GS) Contacts:

A list of contacts can be found on the Birmingham Education Support Services [BESS](#) website including the option of emailing school.support@birmingham.gov.uk requesting a call back at a time to suit.

Audit Service Team Contact Information

All the contact details you need for the team...

To remind you we are all currently working at home and can be contacted via email, Microsoft Teams or works mobile phone;

Don Price, Group Auditor Works Mobile: 07517539015

Don.Price@birmingham.gov.uk

Karen Smith, Principal Auditor Works Mobile: 07885236038

Karen.P.Smith@birmingham.gov.uk

Natalie Mardenborough, Auditor Works Mobile: 07885236047

Natalie.Mardenborough@birmingham.gov.uk

Sally Bojang, Auditor Works Mobile: 07885236043

Sally.Bojang@birmingham.gov.uk

Corporate Fraud Team John Preston Group Auditor Works Mobile: 07825979269

fraudhotline@birmingham.gov.uk

https://www.birmingham.gov.uk/info/20204/audit/261/birmingham_audit

Whistleblowing Email: Whistleblowing@birmingham.gov.uk