

The Auditor Summer 2022-Issue 62

Termly School Newsletter from Birmingham Audit

Helping you to manage risks and provide effective services



Contents

Page 2	School Audits
Page 3	School Fund
Page 4	Inventory Records
Page 5	City Wide Follow Ups
Page 6	Online Safety
Page 7-8	Fraud Spotlight
Page 9	Financial Management
Page 10	Financial Governance
Page 11	Audit Contacts

Foreword written by Don Price

I am beginning to think that I come from a very lucky generation who for the most part have lived in times of relative peace, relative freedom and relative prosperity. Don't get me wrong - things were not always great but compared to now maybe it is just that we now have a world when expectations are so high, many wants more, yet inequality is greater than ever. So many decisions are made by those who have more than they need when the impact is on those who need more than they have. From a more local level this creates pressures and stresses on Local Government and on schools who deal daily with citizens and pupils from all backgrounds.



We all need to keep this in mind when dealing with people, whether colleagues, customers, citizens in general, or auditors. We cannot change the world, but we can all make a difference to someone's life, to someone's day. Some actions cost nothing but can mean a lot – a smile, a thank you, a well done, a sorry. A bad day does not define a person. We all have to deal with things that are not always nice to do – but they can be done with care and compassion.

I know everyone is pressured to deliver but if we all remember to be kind everyone's life can be so much better.

Have a great Summer.

Don

School Audits

Article Written by Karen Smith Principal Auditor

Full Audits

I would like to take the opportunity to thank those schools that have had an audit during the Spring and Summer 2022 terms for supporting the audit process and our auditors. Your continued support is appreciated.

We have continued with our school audit visit programme throughout the Spring and Summer Terms 2022 and its good that we can see that schools are moving back to business as usual, pupils even benefitting from Educational Visits!



Changes to Intensive Progress Reviews

Schools that receive an audit report with a Level 3 /4 Assurance High risk rating will receive an intensive progress review - follow up audit. This includes two short management assurance discussions followed by a validation review, each three months apart. We have also in some instances undertaken a fourth validation visit where progress has been insufficient.

In the last Auditor I mentioned how that overall the intensive progress reviews were having a positive impact on the implementation of recommendations and the ability of schools to manage risk effectively. This remains true however we have reviewed the process as feedback from schools and the directorate has highlighted that the process is too protracted.

Therefore, from the Summer term 2022 onwards (for new schools captured) the intensive progress reviews will include only one short management assurance review followed by a validation review, each three months apart. We will no longer be doing another validation review if there is insufficient progress, we will be expecting schools Senior Leadership and Governing Boards to implement any outstanding recommendations. Where there has been insufficient progress, we will be escalating this to the Local Authority.

As always schools are encouraged to contact the audit team if you are not sure of the actions that need to be completed to fully implement a recommendation. We hope that the changes to the process will provide a more efficient and effective way to support schools moving forward.

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 questioning our approach with regards to the forms being anonymous. We are currently piloting electronic surveys with a small sample of schools during the Summer term - if successful then we will launch them in the Autumn term - so watch this space!

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

Unofficial Funds

Article Written by Karen Smith Principal Auditor

We've had several enquiries recently from maintained schools questioning whether purchases made via the school unofficial fund can take advantage of the VAT recovery scheme that is applied to expenditure made through the official fund.

As per the Schools Financial Procedures Manual (section 10) this is only permissible where funds are donated from the unofficial fund to the official fund and certain conditions are met.

When unofficial funds are donated to the school for purchases the school must:

- Place the order
- Make the purchase itself
- Receive the supply
- Receive a tax invoice addressed to it
- Make payment
- Use the goods and services for the educational purposes of the school
- Retain ownership and adequate records

If the above conditions are not all met, for example if the Governing Body places the order or does not retain ownership, the VAT is not recoverable from the Local Authority. Examples such purchases would be; purchases of school sweatshirts, T-Shirts, photographs etc cannot become school property and must not be accounted for through the Scheme.

Any donations from the unofficial fund to the official fund should have a clear auditable trail and supported by approval from the Governing Board that they are happy with the donation made and its purpose.

Governing Bodies and Headteachers are advised that school employees cannot take advantage of this VAT concession. Orders **must not** be placed through the VAT Recovery Scheme for goods/services that become the property of, or benefit, an employee personally.

It should be noted that premises related capital works at Voluntary Aided schools are excluded from the VAT Recovery Scheme.

Inventory Records must be updated for any relevant items of equipment purchased in this way.

If schools are in any doubt about whether a proposed purchase can be made via the Scheme, they should contact Internal Audit or Schools Financial Services for advice.

Schools Themed Audit – Inventory Records

Article written by Sally Bojang Auditor

Birmingham Audit undertakes themed audits alongside the routine school's audit visit programme. For the current financial year, the themed audit will review the management of Inventory Records.

A sample of schools will be selected for the audit and these will be notified before the end of the Summer term and visits will be undertaken during the Autumn term 2022. All schools should ensure that inventory records are up to date and managed in line with the Schools Financial Procedures Manual.



All schools will have provided some commentary in response to the SFVS question 8 regarding their Inventory Record. We have written to a separate sample of schools who have stated their inventory records require updating to establish progress.

Any recommendations for each school visit will be included in an action plan provided to the Chair of Governors and Headteacher, and a report will be issued to the Local Authority with a summary of our findings, recommendations, and overall assurance.

During the audit we will assess whether:

- An inventory record is maintained in the standard format for all equipment that has a value of £1,000 or more, and for all attractive items.
- The maintained records are sufficient and include all the required elements for easy identification of items.
- Key controls are in place for managing both manual and computerised Inventory Records, including:
 - Access to the Inventory Record is restricted to selected key individuals.
 - There is adequate segregation of duties in recording assets and reviewing the Inventory Records.
 - Records are promptly updated with additions and disposals.
 - Records are checked against the equipment termly and an annual review is carried out by an individual who is not involved in maintaining the Inventory Records
- The Governing Board has established a control framework for the approval, reporting and write off of obsolete/damaged items and obsolete inventory records are maintained for the required periods.
- Discrepancies, once identified, are addressed and documented.
- A separate log is maintained for equipment loaned to staff/pupils which records issue, return and condition of the items and there is a clear approval process in place.
- Items received as gifts or bequests are entered onto the inventory records.

The review will also include validating the accuracy of the Inventory Records (checking a sample of items in the inventory to physical items, and items in the school to the Inventory Records).

Citywide Follow Up Reviews

Article written by Sally Bojang Auditor

In addition to the intensive follow up reviews which Karen has updated you on (see page 2) we also undertake an annual review of **all** other school reports issued. This is to enable us to establish how well schools are progressing our recommendations and gives us 100% coverage on which to base our views. We call this review the 'Citywide Follow Up'.

Our review this year will include schools that were audited between November 2020 and December 2021 and includes all schools that received a Level 2/3 Assurance Medium Risk Ratings during that period.

We have already written to those schools that are captured in this review process requesting for management assurance on the progress made in implementing the agreed recommendations in their reports. We have asked for a response by the end of the Summer term.

The responses will be reviewed during the Summer school holidays and a sample of schools will be selected for a validation review. These will be notified in September 2022 and may include a visit to the school. A sample of five recommendations will be selected for the validation review from each of the schools.

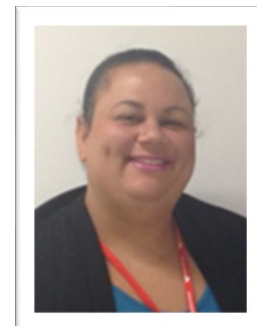
The outcome of the review will be reported to the schools sampled via email and a report of our overall findings and an assurance will be issued to the Local Authority. It should be noted that this will include the outcomes for all schools covered in the audit.

Our previous Citywide follow-up reviews, we have identified discrepancies between the self-evaluation management assurances provided and our validation review. Schools are encouraged to contact us if they are not clear on what needs to be done to ensure a recommendation is fully implemented.

Online Safety: Content Monitoring

Article Written by Natalie Mardenborough Auditor

The Keeping Children Safe in Education (KCSIE) document sets out the appropriate internet filtering and monitoring systems that should be in place in every school or college. In particular, all schools and registered childcare providers in England and Wales, are required “to ensure children are safe from terrorist and extremist material when accessing the internet in school, including by establishing appropriate levels of filtering” ([Revised Prevent Duty Guidance: for England and Wales](#))



Filtering and monitoring systems play an important part in keeping children safe from online bullying abuse, Sexual and Criminal Exploitation.

Governing Boards have a duty to ensure that their schools have appropriate filters and monitoring systems in place and regularly reviews their effectiveness.

Whilst the appropriateness of any filters and monitoring systems are a matter for each individual school, the UK Safer Internet Centre has published guidance as to what appropriate filtering and monitoring might look like and is a great tool to ensure your monitoring system is working effectively. [Appropriate Filtering and Monitoring - UK Safer Internet Centre](#)

Monitoring Standard

Given the nature of risks involved the Local Authority recommends the Gold Standard of a Daily review of monitoring information and, as a Basic Minimum, weekly reviews. These should be logged.

Audit Cycle

Schools are encouraged to carry out termly self-audits.

Routine Audit visits

As part of our routine audit visits, we review how internet monitoring is managed - whether by the school themselves or outsourced to a specialist provider. We look at who is involved in receiving reports/alerts to ensure they are appropriately trained; and that there are controls in place to allow for timely notification of high-risk alerts and investigation.

Some of the key areas that often get overlooked are:

- Ensuring content monitoring software works on all devices including those devices used away from the school.
- That more than one person receives or can access monitoring reports/ alerts in case of an emergency or absence.
- The systems in place support ongoing monitoring and frequent review.
- That there is a record of any incidents and the action taken (a monitoring log).
- That there is oversight from the Governing Board, and that Senior Leaders should provide regular online safety reports to the Governors.

Fraud Spotlight on Schools

Article Written by John Preston Group Auditor

Fraud Awareness in Schools E-Learning Module – Now Live!

In the Spring Edition of The Auditor (issue 61) we announced that the Corporate Fraud Team had been working together with a company called Meritec to develop an e-learning module specifically to raise fraud awareness in schools.

I am pleased to announce that the e-learning module is now live and is available free of charge to all Birmingham schools.

The overall aim of the learning package is to equip staff with the necessary knowledge to help minimise the risk of fraud in relation to the work that they do in schools. We recommend that the Chair of Governors, the Chair of the Finance Committee, the Headteacher and all staff involved with the finances of the school complete this important training.



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.

To register for the training, please follow these steps:

1. Click on this link <http://eawareness.meritec.co.uk/Register/BirminghamCityCouncil>
2. Input your name, email address and choose a password. The 'Department / Organisation' field can be left on 'Select', as this isn't used.
3. Shortly afterwards, you should receive an email with further details about how to access the course and be prompted to login. A further guide will be attached to the email in pdf format.

In case of potential issues with email firewalls or spam filters, the email will come from noreply-eawareness@meritec.co.uk and providing the URL eawareness.meritec.co.uk is allowed on your school firewall, it should work okay. If you have any issues with your firewall, please contact your IT provider to resolve it. You can also complete the training from your home internet connection if you wish.

Don't forget to submit feedback once you've completed the learning, as this will allow you to obtain a completion certificate and will allow us to gauge how useful the training has been to you.

If you have any questions or concerns you would like to discuss, please feel to call me on 07825 979 269 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.

Fraud Spotlight on Schools

Article Written by John Preston Group Auditor

Duty to Report Suspected Fraud

Following the launch of the Fraud Awareness E-Learning module for schools, I thought it would be timely to remind all schools of the duty to report any suspicions of fraud or financial irregularity to the Corporate Fraud Team at Birmingham Audit.

Whether it is theft of school cash or property, irregular spend on purchase cards, unusual withdrawals from accounts, or fraud against the school from an external source, such as a cyber scam, it is imperative that the matter is reported to us at the earliest opportunity.

Schools are under a duty to report suspected fraud and financial irregularities to Birmingham Audit under Financial Regulations, but aside from that, the sooner the matter is reported to us, the quicker we can act. We can ensure evidence is gathered properly, we may be able to safeguard funds before they are lost completely, and we can give advice on what action needs to be taken next. Longer term, we can also give you advice and guidance to help reduce the likelihood of the incident happening again.

You can contact me directly on 07825 979 269 or 0121 303 9335, or you can email me at john.preston@birmingham.gov.uk.

If I am not available, please email FraudHotline@birmingham.gov.uk

You can also report concerns under the Council's Whistleblowing and Serious Misconduct Policy by calling the Whistleblowing Team on 0121 303 7602 or by emailing whistleblowing@birmingham.gov.uk

Financial Management Activities

Article Edited by Karen Smith Principal Auditor

Working with Schools Financial Services...

SFVS Returns

Lana Forrester, Head of Schools Financial Services, has asked that we convey a big thank you to all schools for submitting their SFVS return and the additional Related Party Transaction Forms.

An update will be provided if there are changes to the SFVS for the 2022/23 submission and this will be communicated to schools within the Autumn Term.

Budget Management Training

The next budget Management Training 2-day course is scheduled to be held on the following dates 11th and 12th October 2022 at Edgbaston Stadium. For bookings and to check availability please email the following email address: -

sfstraining@birmingham.gov.uk

Invoice processing

A reminder of the checks/ considerations that are needed prior to processing invoices for payment.

A check is completed by the budget holder for accuracy against the copy order and delivery note to which it relates. This should include checking:

- The invoice matches the supporting purchase order
- The invoice is addressed to the school
- The invoice details the name and address of the supplier
- The invoice is an original document
- The invoice has not previously been paid
- The goods or services detailed on the invoice have been accurately described and match the goods or services delivered
- The quantity/quality of the goods or services detailed on the invoice match the goods or services delivered
- The price is correct and agreed discounts have been deducted
- VAT has been correctly charged
- The invoice bears the VAT registration of the supplier where VAT is charged
- The invoice is arithmetically correct

Income banking on Oracle (Non-Cheque Book and EPA schools only)

Schools are now able to start inputting income onto the Income banking facility within Oracle. Please can schools enter any outstanding income that was received since April 2022 onto this area. Please also continue to enter the income onto your school MIS system at the earliest opportunity and within a two-week period of the income being physically banked.

Financial Governance

Article Edited by Karen Smith Principal Auditor

Working with School and Governor Support...

Standards in Public Life

There have been high-profile cases reported in recent times highlighting apparent failures to uphold standards in public office. Accusations are being levelled at individuals for various misdemeanours that are in breach of the [The Seven Principles of Public Life - GOV.UK \(www.gov.uk\)](http://www.gov.uk), AKA the Nolan Principles.

The Nolan Principles apply to all who are appointed or elected to posts in public office, so this includes employees in schools and school governors. Should there be any doubt whatsoever about the integrity or actions of an employee or governor, this can lead to a culture of mistrust, division, or hostility which could have a negative effect on the school's performance.

School and Governor Support have become involved with cases previously where the governing boards or school employees' actions have fallen below required standards. It is therefore important that all Governing Boards have clear and effective mechanisms for ensuring that that all employees and governors are informed of their responsibilities and obligations. These include the following:

- Arrangements for declaring Pecuniary Interests including during meetings and through an annual declaration process. This applies to all staff and all members of the Governing Board.
- The board adopts a code of conduct and members are regularly reminded of the requirements of openness and transparency and needing to do the right thing and set an example. Follow this link to the [BCC Model Code of Conduct for GBs](#).
- Board members are appointed in an open and transparent manner following the appropriate procedures. All governor appointments should be based on the skills and abilities the board needs. On an annual basis, the board updates its governor skills audit and amends its governor training and development plan accordingly.
- The board approves clear and appropriate frameworks for financial delegation and decision making so all board members and employees are clear about their responsibilities and boundaries.
- A register of Gifts and Hospitality is maintained and made available for scrutiny.
- All means by which concerns can be raised are clearly communicated to staff and governors, for example whistleblowing procedures.

Communicating and regularly reminding board members and staff of the expected standards of behaviour and compliance will reduce the amount of time, unnecessary work and resources used to resolve issues, enabling the school to focus on the necessary business of the school and / or the Governing Board.

If you require guidance or advice on any of the above, please contact governors@birmingham.gov.uk

Contact Information

The Audit Service Team and Corporate Fraud Team

Helping you to manage risks and provide effective services...

Don Price, Group Auditor

Works Mobile: 07517539015

Don.Price@birmingham.gov.uk

BirminghamAudit@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



The Service Team: TOP left to right—Don Price, Jenny Giles, Simone Beet, Paula Moloney, John P Grace, David Mallard, Brendan Sweeney and Jaspal Sehra. BOTTOM left to right—Sally Bojang, Natalie Mardenborough, Karen Smith.