

## 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 want to use today's introduction to clarify the situation regarding our audit visit programme. I am aware that a statement was put on the Noticeboard, and that there has been a lot of different interpretations of what it was saying.

The implementation of Oracle has undoubtedly created some issues and difficulties for schools, and the City Council staff who work with, and support, them. We have listened to feedback from schools regarding the impact the implementation process has had on financial management and the pressures this has created for school staff.

Whilst there is much we can still do when visiting schools, we are committed to supporting you, and so we will not be undertaking any new full audits during the remainder of December and January. Instead, we will concentrate on the short follow ups that form part of our intensive support for schools following audits. We will contact schools in the coming days to make arrangements, and, as usual, we will be sympathetic to schools who may find such visits stressful at the current time. It is important to be aware that no school will be criticised where issues are identified that are primarily due to Oracle implementation.

I hope this provides clarification on our current position which we review on a day to day basis. Please rest assured that we remain on hand to help all schools with any queries or concerns in the normal way.

I hope you all enjoy the Christmas break. *Don*

# School Audits

Article Written by Karen Smith Principal Auditor

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



We are aware of the issues surrounding Oracle and how this could have impacted those schools receiving an audit this term both in terms of resources to support the audit and compliance with audit requirements. We have ensured that schools who received an audit have not been penalised for any issues found that are caused by any delays due to Oracle as we understand that this is out of the school's control. Where schools feel that we haven't got this quite right we are approachable and would welcome a conversation about how any concerns can be resolved.

As Don has explained in his introduction there was a pause with the full audit visits during December and January and we will concentrate on follow ups. As always, the approach from the Audit Team will be flexible and to work with schools to support school staff throughout the audit process.

Whilst the routine audits have continued to identify areas for improvement, we acknowledge that overall schools do take our audits seriously and strive to have sound systems and controls along with effective management of the school's finances. This has been evident across all our work including the City Wide Follow up and the Themed Audit on Inventory records both of which are concluding, and we will update you during the next edition.

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](mailto:karen.p.smith@birmingham.gov.uk)

## Pecuniary Interest Registers

A pecuniary interest is an interest that has a direct or indirect financial impact and school Governors have a statutory obligation to declare any relevant business and pecuniary interest; It is a Statutory requirement for the details of declarations made by all members of the Governing Board to be maintained and published on the schools website (the DfE's Governance Handbook states that people who govern hold an important public office and their identity should be known to their school(s) and wider communities).



During our recent audits, there have been questions asked about the detail of information that should be included on the register published on the school website. To provide some clarity here are some questions and answers which may help

**Q: Is it a requirement for the name of the setting where another Governor role is held in to be included on the register? Or is 'works for/Governor at another Education setting acceptable?**

In the interest of transparency, the constitution of Governing Bodies of maintained schools' statutory guidance requires Governing Boards to publish up to date details of its governance arrangements in a readily accessible form on their school websites, including:

- relevant business and pecuniary interests (**as recorded in the register of interests**) including governance roles in other educational institutions; the NGA recommended register of interest form completed by Governors ask for the name of the educational institutions other governor roles are held in. As the guidance document states 'as recorded in the register of interests' this provides the reason for the name of the educational institution the individual Governors holds another governance role in.
- Any material interest arising from relationships between Governors or relationship between school staff (including spouses, partners and close relatives)

**Q: For business interest declared in companies including ones that provide services to the school, must the name of the company be included on the register or is it acceptable if it states, 'owns company that provides services to the school'?**

As above, the name of the company should be declared on the register – Members of the Governing Board need to know the name of the company so it can determine when and whether a governor needs to step out of meetings if there is a discussion that gives rise to a conflict of interest. The statutory guidance states "**relevant business and pecuniary interests**". Again, the ownership of the company will be in the public domain on Companies House so it isn't private information.

## **Q: Will including the details on the register contravene GDPR legislation?**

This information is already in the public domain – i.e., if someone works at another school or on the Governing Board, they will be on the published staff list and if they are a governor at another school their name will be on their school website and GIAS – so in both cases they are not being asked to share private information.

The DFE Statutory guidance, Schemes for financing local authority maintained schools [Schemes for financing local authority maintained schools - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/schemes-for-financing-local-authority-maintained-schools) also provided clarity on what to include in the Governor pecuniary interest register:

“The scheme must contain a provision which requires the Governing Body of each school to have a register which lists for each member of the Governing Body and the headteacher:

- any business interests they or any member of their immediate family have
- details of any other educational establishments that they govern
- any relationships between school staff and members of the governing body

And to keep the register up to date with notification of changes and through annual review of entries, to make the register available for inspection by governors, staff and parents, and the local authority and to publish the register, for example on a publicly accessible website”.

## **Gross Annual Salaries Over £100,000**

In an earlier edition of the Auditor (Issue 61) we reminded schools that in line with the DfE Financial Transparency of Local Authority Maintained Schools and Academy Trusts document July 2020 (with effect from January 2021) included for 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.

Not all schools have picked this issue up so as a reminder:

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 (SFVS) (questions 16).

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.

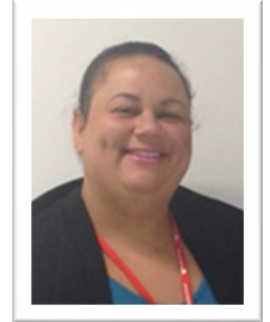
If you have no employees earning a gross salary of £100,000 and above, we recommend that you state this on the school’s website to demonstrate that you have complied with the requirements.

# Purchase Cards

Article Written by Natalie Mardenborough, Auditor

In a previous issue of the Auditor (issue 58) you will recall that we provided an overview of what we look for when testing purchase cards and highlighted some of the key themes to come out of testing.

Following our recent audits, we have seen improvements with documenting that the Governing Board has approved the use of purchase cards within school; In the main we found that the Governing Board had approved a Purchase Card Policy and active cards belong to current members of staff.



## Schools are reminded....

- That transaction logs should be completed each month. Including when no purchases have been made. In this instance a nil return should be submitted to the authorising officer.
- As with all other purchases, documented prior approval should be sought from the budget holder before purchases are made.
- Purchase orders should be raised for all individual orders in excess of £100.00. A copy of the purchase order should be attached to the transaction log to demonstrate a complete audit trail.
- It is important that purchase cards are cancelled when staff leave employment or move to another school. Cards cannot be taken by an employee for use in another school. If there are changes in staff within schools who hold purchase cards, please notified the Local Authority's purchase card team as soon as possible: [PurchaseCards@birmingham.gov.uk](mailto:PurchaseCards@birmingham.gov.uk) or Elaine A Smith [Elaine.A.Smith@birmingham.gov.uk](mailto:Elaine.A.Smith@birmingham.gov.uk)

**The Purchase Card Team have asked us to remind all card holders to clear the Dcal by the 3<sup>rd</sup> of each month and that authorising officers should note that they are signing to confirm that the Dcal is clear.**

**Failure to clear the Dcal by the 3<sup>rd</sup> of the month means that VAT has to be assigned manually by the Purchase Card Team. This not only increases their workload but could result in your school not benefitting from any VAT subsidy.**

For any query's regarding purchase cards please email [purchasecards@birmingham.gov.uk](mailto:purchasecards@birmingham.gov.uk)

# Fraud Spotlight on Schools

Article Written by John Preston, Group Auditor

## Email Hacking Warning

We recently had a school report an incident to us whereby it is believed that a member of staff had their school email account hacked.

The incident came to light when the school business manager received an email from a member of staff asking how he should go about changing his bank details for payroll purposes. The email seemed to have come directly from the member of staff and there was nothing to suggest that anything was untoward.

A reply was sent to the email with a form to be completed so that the staff member's new bank details could be provided to Birmingham City Council payroll. The form was duly completed and submitted by email to payroll, requesting that they change the bank details for the next salary payment.

Fortunately, the fraud was discovered before the bank details were changed after the school business manager happened to mention the bank details change to the member of staff in person. It was then ascertained that no bank details change had been requested.

Had the fraud been successful, that month's salary would have been paid to the fraudster's account.

It is not clear how the staff member's account was hacked or how the fraudsters knew so many personal details about the employee to be able to fully complete the payroll change form.

We would strongly recommend that all schools speak to their IT providers to request that Two Factor Authentication (2FA) is set up on all school email accounts as soon as possible. Once activated, this will provide an extra layer of protection by requiring a code to log in to an email account, in addition to the user's password. This code is usually sent by text message to the user's mobile phone and so will alert them if someone is trying to access their account.

If you do receive an email from a colleague asking to change bank details for any kind of payment, please ensure that you speak to them in person or over the telephone to verify that it is them making this request. Be particularly wary of any email stressing urgency to get bank details changed.

If you are at all concerned about any request to change bank details, please contact us so that we can check the account provided. Please call us on 07825 979 269, 0121 303 9335 or email [fraudhotline@birmingham.gov.uk](mailto:fraudhotline@birmingham.gov.uk)



# Fraud Spotlight on Schools

Article Written by John Preston, Group Auditor

## Fraud Awareness for Schools e-learning module

Just a reminder that the 'Fraud Awareness for Schools' e-learning module 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, the Business Manager / Bursar, 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: [Right click on the link to go to the training module](#)
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](mailto:noreply-eawareness@meritec.co.uk). Providing the URL [eawareness.meritec.co.uk](http://eawareness.meritec.co.uk) is allowed on your school firewall, it should work. 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: 07825979269 or 0121 303 9335, or you can email me: [john.preston@birmingham.gov.uk](mailto:john.preston@birmingham.gov.uk)

If I am not available, please email [FraudHotline@birmingham.gov.uk](mailto:FraudHotline@birmingham.gov.uk)



# Fraud Spotlight on Schools

Article Written by John Preston, Group Auditor

## School Admissions Fraud

Birmingham Audit's Fraud Team have recently been working closely with School Admissions to try to weed out fraudulent applications for school places. This usually occurs when parents supply false home address details to the School Admissions Team, to try to secure their more favoured school place based on the distance criteria.

Unfortunately, the team have seen a number of false applications in recent months, including some cases where parents have falsified identification documentation to try to convince the team that they have moved house. This is potentially a criminal offence contrary to the Forgery and Counterfeiting Act 1981, and one which we take very seriously.

Sadly, we have also seen recent cases of Birmingham City Council employees supplying false information to School Admissions to secure school places for their own children. In these instances, we will conduct an internal audit investigation to ascertain whether the member of staff has breached the Code of Conduct for employees, which could see them face disciplinary action.

It is imperative that Birmingham City Council allocates school places fairly and in accordance with the advertised admissions criteria, and so we are doing as much as we can to support the School Admissions team, including conducting intelligence checks and home visits to verify the information that has been supplied. Where identification documents have been provided, we will conduct checks to ensure their accuracy.

For applications for secondary places, it is suspected that some of these frauds begin as early as primary school, where parents will change their home address with their child's school in readiness to submit a false application later on.

If you work in a primary school, you can assist us by requesting that any address change is accompanied by identification documents in the name and new address of the parent submitting the change, such as:

- a photocard driving licence
- a recent council tax bill
- a recent utilities bill
- an official government agency letter

If those documents look like they may have been altered, or you're in any way concerned about a school application, please let the School Admissions and Fair Access Service know, by emailing: [admissions@birmingham.gov.uk](mailto:admissions@birmingham.gov.uk). They will check the application / documents in the first instance and can raise any concerns with the Corporate Fraud Team.



# Financial Management Activities

Article Edited by Karen Smith, Principal Auditor

Working with Schools Financial Services...

## **Schools Financial Value Standard**

Lana Forrester from Schools Financial Services has asked us to remind schools to start preparing their Schools Financial Value Standard (SFVS).

The submission date is Submission date is the **31 March 2022**. Email address for submission is:

[schoolsfinassess@birmingham.gov.uk](mailto:schoolsfinassess@birmingham.gov.uk)

The DfE have provided updates on the revised requirements for the SFVS 22/23 submission with the new template being posted on the DfE website and also within the BESS area of the BCC website.

The main changes are in relation to section E value for Money; the changes within the guidance include updates on threshold values for public procurement, good estate management and the 'get help buying for school's service'.

N.B: Schools are still required to submit the related party transaction form including a nil return alongside the SFVS checklist.

## **Changes to Cost Centre Managers (Internal Billing on Oracle)**

Where changes are needed to the Cost Centre Managers within Oracle (which is the position that is needed to approve internal invoices) they should notify Lana of any changes needed at her email address: [lane.forrester@birmingham.gov.uk](mailto:lane.forrester@birmingham.gov.uk)

Following receipt of your email the relevant form will be sent to you and a service call will be raised. Please provide your role number on the request and appropriate authorisation from the Headteacher within the request.

Note: This is an interim measure and further instructions will follow.

# Financial Governance

Article Edited by Karen Smith, Principal Auditor

Working with School and Governor Support...

Overseeing the financial performance of the school and ensuring its money is well spent is one of the three core functions of governance. As a minimum governors should ensure robust accountability by:

- Financial data presented to the GB every half term ([SFVS Q3](#), [ATH 2.19](#))
- Maintained schools: receive/review BCC financial monitoring documents: Top 10 Planning Checks for Govs, Budget Setting & Budget Monitoring Checklist for Govs, and Budget Monitoring Summary Report for Govs, as per [Schools Financial Procedures Manual](#)

To maintain robust oversight governors should consider undertaking training specific to this area. School and Governor Support deliver two courses in conjunction with Schools Financial Services and BCC Audit Team 'Introduction to School Finance' [Introduction to School Finance | Birmingham Education Support Services](#) and 'Managing School Financial Resources' [Managing Financial Resources | Birmingham Education Support Services](#)

The DfE have funded Entrust to offer free training and guidance to senior staff and governors to help schools and academies ensure that they manage resources effectively, maximising efficiency and, where relevant, ensuring compliance. Ten webinars, all fully government funded are available to attend up until March 2023 covering the following themes:

- How to integrate curriculum and financial planning
- Strategic financial planning
- Benchmarking financial metrics (with bespoke sessions for primary and secondary schools and SEN and alternative provision settings)
- Securing best value from your procurement
- Strategic estate management
- HR planning
- Budgeting and annual cycles (separate bespoke sessions for school business professionals or senior leadership teams (SLT) and governors)

All webinars are delivered virtually, and are suitable for governors and trustees  
More details or to make a booking please visit [the School Resource Management website](#).

# Contact Information

The Audit Service Team and Corporate Fraud Team

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

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