

**TO: SCHOOL FORUM
16 OCTOBER 2014**

**INTERNAL AUDIT REPORT OF SCHOOL FUNDING
Head of Audit and Risk Management**

1 PURPOSE OF REPORT

- 1.1 To report the findings of the internal audit review of school funding to the School Forum.

2 RECOMMENDATION

- 2.1 **To note the significant assurance opinion given on the internal audit report on school funding.**

3 REASONS FOR RECOMMENDATION

- 3.1 To draw the School Forum's attention to the findings of the internal audit review of school funding.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5 SUPPORTING INFORMATION

- 5.1 School funding arrangements were reviewed in quarter 1 as part of the Annual Internal Audit Plan 2014/15 approved by the Governance and Audit Committee on 1st April 2014. The terms of reference were agreed with the Chief Officer: Strategy, Resources and Early Intervention.
- 5.2 The overall conclusion on the audit was significant assurance, meaning that a sound system of internal controls is in place to meet the system objectives for school funding and testing performed indicated that controls tested are consistently complied with. No recommendations for improvement were raised.
- 5.3 The detailed findings of the audit based on review of documents, discussion and sample testing were as follows.
- There had been robust consultation with the School Forum and all schools in the borough (secondary/primary free schools, maintained schools and academies) on the new school funding arrangements and the final agreed policy has been approved by the Executive Member;
 - There had been clear communication to all schools on the changes to the new school funding arrangements;
 - Funding allocations for each school had been determined using a proforma tool and proforma sheet and had been based on actual pupil numbers. Controls in place within the proforma tool reduce the risk of

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data input error, ensuring that only the 12 funding factors in the National Funding Formula can be applied through a drop-down menu and that budgets balance accordingly. The tool also includes a validation tab. Internal audit reviewed a sample of schools and reconciled the 2014/15 indicative budget set for each school against the proforma tool.

- The DfE Statutory Guidelines ensure that a fair and consistent approach is taken and that funding is based on a pupil-led formula. Audit reconciled the proforma against the guidelines issued by the DfE and were able to verify compliance with the National Factors subject to review.
- A control spreadsheet for management checks is maintained and ongoing checks are completed to ensure the data is accurate.
- The School Forum had approved de-delegation of funds for centrally managed services in accordance with DfE requirements; and
- The Education Authority had complied with DfE requirements on maximum permitted lump sums and minimum basic per pupil entitlement and limits on schools contributions to and reimbursements under the Minimum Funding Guarantee had been correctly applied.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 Nothing to add.

Borough Treasurer

6.2 Nothing to add.

Equalities Impact Assessment

6.3 Not applicable

Strategic Risk Management Issues

6.4 Erroneous allocation of funding which does not accurately reflect pupil numbers and is inconsistent with the nationally agreed funding factors would potentially increase financial risks for individual schools. The audit has established that there is a sound control environment in place for the determining school funding.

7 CONSULTATION

Principal Groups Consulted

7.1 Not applicable.

Background Papers

Internal Audit Plan 2014/15

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Contact for further information

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