

From Assistant Director – Audit

Date 9th April 2009

My Ref. NP/JK

To Chair of Governors

Cc Interim Executive Head Teacher

RBK Acting Directorate Head of Learning & School Effectiveness

Strategic Director of Learning and Childrens Services

Strategic Director of Finance

INTERNAL AUDIT REPORT

REVIEW OF FINANCIAL GOVERNANCE ARRANGEMENTS AT TIFFIN SCHOOL TO 31 DECEMBER 2008



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1. INTRODUCTION

- 1.1 The 2007 Annual Performance Assessment by Ofsted of RBK's Services for Children and Young People stated that RBK consistently delivers well above minimum requirements for users, has maintained excellent outcomes for children and young people and there is a very strong commitment to improving all services and an outstanding capacity for this to happen.
- 1.2 Sound business processes underpin and facilitate the delivery of successful outcomes in successful organisations. To maintain a high level of achievement and to continue improving, the right business processes need to be in place and working effectively. The financial governance arrangements in schools should be viewed as a key part of the Local Authority's business processes.
- 1.3 Tiffin School is a boys' voluntary aided secondary school enjoying a national reputation for the quality of its education. The School has around 1000 students on its roll. The School's most recent Ofsted inspection November 2007 scored the overall effectiveness of the School at 1 – Outstanding. The Leadership and Management also scored 1; and within this the effectiveness and efficiency of the deployment of resources to achieve value for money also scored 1, and the extent to which governors' discharge their responsibilities scored 2 - Good.
- 1.4 We were asked by the Acting Head of Learning & School Effectiveness to assess the adequacy of the School's financial governance arrangements, including variations to staff establishment, because of significant concerns around the School's financial management arrangements in the period to 31 December 2008. We have not reviewed the School's financial recovery plan.
- 1.5 According to the School Standards and Framework Act 1998, the role of the Governing Body is: "to conduct the school with a view to promoting high standards of educational achievement". This cannot be achieved without effective financial governance arrangements being in place and working.

2. OBJECTIVE

- 2.1 The purpose of this review was to ascertain whether :
 - the School had effective financial governance arrangements
 - these arrangements were effective in practice to 31 December 2008.

The financial systems and records at the school were not reviewed within the scope of this audit.
- 2.2 Where appropriate, we make recommendations for improving the School's financial governance. This review is intended to help the School future proof itself from a repetition of recent events.

3. WORK UNDERTAKEN

3.1 The work included:

- discussions with representatives from Tiffin School, including :
 - the Chair of Governors and Personnel Committee
 - the current Chair of Finance and Premises Committee
 - the newly appointed Chair of Finance and Premises Committee
 - a member of the Governing Body and Curriculum Committee
 - the interim Executive Head Teacher
 - the Head Teacher
 - the Deputy Head Teacher
 - the School's Principal Finance Officer
 - the School's Senior Finance Officer
 - the Acting Deputy Head Teacher
 - the Head Teacher's PA
 - the Clerk to the Governors

- discussions with representatives from the Royal Borough of Kingston upon Thames Council, including:
 - the Acting Head of Learning and Children's Services (L & CS)
 - the L & CS Finance Strategic Manager
 - the Principal Schools Accountant

- a literature review covering:
 - Governing Body minutes
 - the Finance & Premises and Personnel Committees Terms of Reference
 - various Committee minutes
 - the School's Ofsted Report November 2007
 - inspection of budget papers for 2008/09
 - inspection of budget monitoring reports
 - inspection of TLR strategy document
 - review of job descriptions
 - review of School Development Plan.

4. FINDINGS

- 4.1 Governors since January 2009 have demonstrated leadership and commitment. The Chair of Governors and the newly appointed Chair of Finance & Premises have come to grips with significant challenges and have acted swiftly and effectively to address these. They have been supported by other governors, key members of staff at the School, colleagues at the Royal Borough of Kingston upon Thames and by the interim Executive Head Teacher. They have taken responsibility and control of a very difficult situation. Their involvement is epitomised by the production of a financial recovery plan for the School showing month-by-month income and expenditure for the next 36 months with outline opportunities for cost reduction.
- 4.2 The current leadership arrangements in place at the School are temporary pending the commencement of the new Head Teacher in September 2009. Our findings relate to arrangements which were in place until 31 December 2008. It is recognised that since then, there have been very significant changes. These include:
- premature departure of the Head Teacher
 - appointment of interim Executive Head Teacher
 - absence of Deputy Head Teacher
 - involvement of the Chair of Governors and other governors in the day to day running of the School
 - development and implementation of a financial recovery plan
 - extensive HR and Financial Management support from the Royal Borough of Kingston upon Thames.
- 4.3 Our findings from the review of financial governance arrangements at the school are set out below under the following headings:
- Governing Body
 - Personnel Committee
 - Finance & Premises Committee (including Tiffinian Ltd)
 - Head Teacher
 - Senior Leadership Team.

THE GOVERNING BODY

- 4.4 The Governing Body's membership includes many capable people with a variety of skills and experience. However despite their depth and range of skills they did not effectively use these to hold the School's leadership to account through the School's governance arrangements. Given the experience of the last few months and changes in the offices held by key staff and governors, the governance mechanisms are now more effective in holding the School's leadership to account. An appropriate balance between governor and leadership roles and responsibilities has now been found.
- 4.5 There are strong links between governors and the school community. Governors include parents, former pupils and members of staff. In the past, governors felt reluctant to challenge the School's leadership.

- 4.6 The Governing Body has recently established a new committee structure which includes committees for Personnel; Curriculum & Students; and Finance & Premises. This structure appears to have started to function effectively. The planned frequency of meetings appears to be appropriate.
- 4.7 A key element of demonstrating accountability is that the School's leadership should be open to challenge by the School's governors around decisions which it makes. There have been recent instances where Governors have only received verbal reports on important issues, such as finance, or are presented with reports tabled at the meeting. This does not give governors adequate time to scrutinise or challenge the information which is presented to them.
- 4.8 The Chair of Governors was also Chair of the Personnel Committee for part of last year. Given the high degree of influence the Chair has over the running of the School and recent history, it is undesirable for one person to hold both of these offices. Chairs are often closely involved in the running of a school and consequently it is not desirable for them to be directly involved in the review of the Head Teacher's performance as accountability can become blurred.
- 4.9 The School Development Plan is a key document in the governance and management of the School. However progress on actioning the Plan does not appear to be monitored and there do not appear to have financial consequences or specific timescales.
- 4.10 The School has a new Clerk to the Governors. Previously this role was performed by the Head Teacher's PA. The Clerk should advise the governors on governance practices and the law as it affects them. The appointment of the new Clerk has coincided with changes to the School's committee arrangements.

PERSONNEL COMMITTEE

- 4.11 The Personnel Committee does not have dated Terms of Reference which set out:
- Membership
 - Quorum
 - Frequency of meetings
 - Key activities of the Committee
 - Relationships with other committees or working groups.
- 4.12 The Personnel Committee does not have a formalised annual work programme. A work programme creates a disciplined framework within which governors and the School's leadership can operate, creating certainty around what is expected when, as well as how certain things can be achieved or managed.

- 4.13 The Terms of Reference of this Committee refer to a Salary Policy rather than a Pay Policy, which the School actually has. The School's Pay Policy, last updated in June 2004, was not being followed. The Pay Policy says that the Governing Body is "responsible for determining the School's staffing structure and for taking decisions relating to pay". In practice the Head Teacher made these decisions. Minutes of the Personnel Committee held on 21 November 2006 reported to the Governing Body on 28 November record that "*At the first meeting of the Personnel Committee (21st November 2006) it was agreed that the remit of the Governors on pay would be limited to that of the Head, and the approval of any specific discretionary payments to the leadership group through a sub-committee of the Personnel Committee. Formats and content for regular reporting on staff changes were agreed.*"
- 4.14 The business case and financial implications of appointments and changes to remuneration and structures were not set out or communicated to either Personnel or Finance & Premises Committees.
- 4.15 The Personnel Committee was not kept apprised of changes to the Teaching and Learning Responsibility (TLR) payment structure. This allowed TLRs to be allocated in an uncontrolled and inappropriate way by the Head Teacher who did not follow the agreed Pay Policy or the agreed structure for TLRs. For example, some staff received more than one allowance and some part time staff received a full allowance when they should have received a proportionate allowance. There is insufficient evidence justifying the allocation of TLRs or some other changes to remuneration. Consequently it cannot be demonstrated that employees have been treated fairly.
- 4.16 Personnel Committee members have not received advice on the legality or otherwise of staffing issues, particularly in relation to TLRs and other payments made to staff. They did not actively challenge the Head Teacher on staffing issues and they received inadequate information about changes to TLR payments either verbally or in writing.
- 4.17 The Personnel Committee has not received complete and sufficiently comprehensive formal routine reports on matters such as staff numbers and changes, sickness and absence, progress on performance appraisals, performance management and target achievement. Clearly without this written information governors have not been able to adequately fulfil the Terms of Reference of the Committee. Consequently the Personnel Committee could neither act as a critical friend nor provide effective challenge to the School's leadership around appointments, remuneration and structures. This led to poor employment practices to develop which may leave the School open to challenge from employees, regulators and government bodies.

FINANCE & PREMISES COMMITTEE

- 4.18 The Finance & Premises Committee Terms of Reference are headed “proposed” and are undated. The Terms of Reference do not set out an annual programme of activity for the Committee or relationships with other committees or working groups. There is a schedule of four meeting dates published at the start of the academic year.
- 4.19 Until recently the Governing Body had an anachronistic committee structure with a “group” for finance which then evolved into a “Finance/Sites Meeting” chaired by the Head Teacher. A governor now chairs the Finance & Premises Committee.
- 4.20 Anecdotally premises business has prevailed at Finance & Premises Committee meetings. There does not appear to be a standardised agenda for the Committee covering the following:
- Apologies
 - Minutes
 - Matters arising
 - Current year forecast outturn (including Tiffinian Ltd) revenue and capital
 - Budget (including Tiffinian Ltd) revenue and capital
 - Reports from Personnel
 - Report on sites and capital projects
 - Significant financial decisions taken by Head Teacher
 - Treasurers Report
 - Annual matters such as the review of the Terms of Reference, membership and election of Chair, Audit Report, Statement of Internal Control, review of cheque signatories
 - Any other business
 - Date of next meeting.
- 4.21 The Finance & Premises Committee proposes an annual budget for the Governing Body to approve. A key part of the budget is funding from Tiffinian Ltd which is raised through parental contributions and other income. The Terms of Reference do not refer to Tiffinian Ltd. However the Finance & Premises Committee makes a recommendation to the Governing Body on the level of voluntary parental contributions necessary to deliver a balanced budget for the School.
- 4.22 A State funded school is expected to manage within its core funding provided by the Local Authority; however the School has become dependent on funding from Tiffinian Ltd. The Trustees of Tiffinian Ltd are not the same as the School’s Board of Governors. Although the School is dependent on funding from Tiffinian Ltd through voluntary parental contributions, neither Tiffinian Ltd, the Finance & Premises Committee nor the Board of Governors have oversight of the School’s overall financial situation. Consequently, until recently, Governors were not fully informed on the financial sustainability or otherwise of the School’s financial situation. The School does not have an overall finance strategy which encompasses Tiffinian Ltd.

- 4.23 The Committee (“group” in its previous incarnation) did not follow through issues such as matters arising from the budget, external annual audit letter and parents voluntary contributions. A consequence of this is that matters of concern or relevance were overlooked and the effectiveness of actions not monitored. The School has not responded to the March 2008 external Audit Report which incorporated financial management recommendations, many of which were brought forward from the previous year.
- 4.24 Important decisions relating to staffing or operations (such as insourcing catering and closing the sports centre) although reported at the Finance & Premises Committee, are not shown to have been supported by a business case and there is little evidence of scrutiny.
- 4.25 A significant proportion of the School’s funding is dependent on pupil numbers. There is no indication that these are routinely reported to governors. There is no information given in relation to year group vacancies and the effect of vacancies on funding.
- 4.26 Governors were not provided with financial information which was in a clear format or included helpful analysis. For example there was no trend analysis or reconciliations for the budget, actuals and forecasts.

HEAD TEACHER

- 4.27 The Head Teacher’s job description dated June 2004 is quite clear on financial responsibilities. It sets out responsibility:
- for creating and implementing “a strategic plan underpinned by sound financial planning”
 - to “ensure the management, finance, organisation and administration of the School supports its vision and aims”
 - to “set appropriate priorities for expenditure, allocate responsibilities and ensure effective administration and control”
 - to “manage, monitor and review the range, quality, quantity and use of all available resources in order to improve the quality of education, improve pupils’ achievements, ensure efficiency and secure value for money.”
 - to “provide information, objective advice and support to the Governing Body to enable it to meet its responsibilities forachieving efficiency and value for money”
 - to “present a coherent and accurate account of the School’s performance in a form appropriate to a range of audiences, including governors, the DfES, the LEA etc”.

There is little evidence to suggest that the Head Teacher was effective in performing these responsibilities.

- 4.28 The Head Teacher made strategic decisions which did not take governors, the Senior Leadership Team (SLT) or his staff with him. Indeed governors, SLT and staff found out about some of the Head Teacher’s proposals once they were well advanced or even, in the case of independent learning and homework, on the verge of implementation. The effect of this was that neither

the governors nor Head Teacher were either accountable or being held to account.

- 4.29 Too often governors, SLT and the Head Teacher did not demonstrate they were working effectively together to promote high standards of educational achievement and governors were unable to effectively perform their role of providing a strategic view, or to act as critical friends and ensure accountability.
- 4.30 The Head Teacher's PA has responsibility for administering staff matters including processing applications for retirement benefits to the Teachers' Pensions Agency and making changes to teachers' Terms and Conditions. The applications for retirement benefits needed to be signed by an officer of the local authority but were not.
- 4.31 Changes to staff pay were sent by the Head Teacher's PA to the Finance Department, who then instructed the payroll provider to amend the pay of the employee concerned. The Finance Manager signed off the payroll but could also amend the payroll. This is not good practice and exposes the School to risk.
- 4.32 The Head Teacher exercised sole executive authority on staffing related matters with too few checks and balances allowing, at the least, poor practices to develop leaving the School open to challenge from a variety of sources. Furthermore the Head Teacher's PA had responsibility for keeping personnel records and for issuing the Head Teacher's signed instructions on changes to remuneration. In essence the Head Teacher had too much influence over pay and decisions on appointments.
- 4.33 Staff costs at the School increased by 38% over 5 years. In comparison, staff costs at a similar RBK school increased by only 19%. Governors do not appear to have been presented with and did not request information which would have allowed them to compare Tiffin Boys to other similar schools in terms of budget or spend. The Head Teacher did not manage the staffing budget, which comprised 80% of the School's budget and did not recognise that he was creating an unsustainable financial situation.
- 4.34 There appeared to be a lack of financial and business acumen employed around some of the decisions which were made. For example, by bringing the catering contract back in house it was assumed this would be cost neutral although such arrangements rarely are. There was little involvement of governors in such decisions and little scrutiny.
- 4.35 The governors were provided with inaccurate assurances and information over the School's financial situation. Figures presented to governors were later found to include material errors. For example, the staff cost outturn figure for 2007/08 was understated by £186k. Governors trusted the information presented to them and they were not able to challenge the Head Teacher in any meaningful manner.

- 4.36 There was a lack of evidence presented to Governors on how the 2008/09 budget would be delivered. Governors did not receive detailed plans of how staff cost reductions would be achieved. Assurances were provided but these were unsupported by any evidence of action.
- 4.37 The Head Teacher and Deputy met on a regular basis and notes of their meetings were kept. From these it appears finance issues received some discussion. The Head Teacher was fully supported in his actions by the Deputy who although having responsibility for financial matters in the school did not rigorously represent these issues.

SENIOR LEADERSHIP TEAM

- 4.38 The Senior Leadership Team at the School comprises the Head Teacher, Deputy and Assistant Head Teachers. The Senior Leadership Team was not involved in the financial management of the School. Members of SLT and department heads hold budgets but do not receive reports on spending and are not held to account for their spending.
- 4.39 The Head Teacher did not seek to ensure the Deputy Head Teacher's responsibilities in relation to the management of the School's finances were performed. The Deputy Head Teacher's performance objectives did not include any for Finance in 2007/08, although finance represented one third of his role.
- 4.40 Until November there was a lack of financial management processes and discipline, monthly management accounts (based on accruals) with cash flow were not routinely prepared and there was no reporting timetable. There had been a period of seven months without proper financial information. Reports generated were not checked for accuracy. Management accounts were not presented or discussed at the Senior Leadership Team (SLT) meetings.
- 4.41 The Senior Leadership Team was not led in a disciplined manner. There were no minutes, action points or notes to meetings. There appeared to be little debate or challenge to proposed actions by the Head Teacher. The Team was not led in an inclusive manner. Practicalities including financial implications were not listened to. The Principal Finance Officer was not a member of the team and the line manager (the Deputy Head Teacher) did not effectively represent financial matters at SLT meetings.

5 RECOMMENDATIONS

- 5.1 There are three principal overarching recommendations arising from our findings. These are that:
- governors should expect the Head Teacher to manage the expenditure of the School within the core funding provided by the Local Authority and should be kept fully apprised of the financial sustainability or otherwise of the School's financial situation
 - governors should act as critical friends but should also provide demonstrable and effective challenge to hold the School's leadership to account and to be accountable themselves
 - there should be effective accountability and control around appointments to the School and changes to the remuneration of employees.
- 5.2 Detailed recommendations flow from the reports findings and follow the same headings.

THE GOVERNING BODY

- 5.3 The Governing Body and Head Teacher must work in close partnership and be clear in their respective roles and responsibilities as set out in the Education (School Government) (Terms of Reference) (England) Regulations 2000. The Governing Body must be allowed to fulfil its strategic role in the running of the School by establishing a strategic framework which will:
- set aims and objectives for the school
 - adopt policies for achieving those aims and objectives
 - set targets for achieving those aims and objectives.
- 5.4 Although the Head Teacher has responsibility for the internal organisation, management and control of the school and for implementation of the strategic framework established by the Governing Body, governors should expect to be provided with sufficient and timely information (written and verbal) which will allow them to make informed decisions around:
- approving the budget and its monitoring
 - financial decisions
 - entering and exiting contracts
 - staffing including numbers, appointments, procedures, pay, job descriptions and person specifications, disciplinary action, suspension, grievances and other payments to staff.
- 5.5 In order for Governors to perform their 'critical friend' role they need to become sceptics and ask open questions such as "why are we doing this?", "how will this work?", "what needs to be done?", "when will this be done by?" and "who will do this?" They must ask supplementary questions too. Established governors need to encourage their more reticent colleagues.
- 5.6 A governors and Head Teacher development session should be held at which respective roles and responsibilities should be worked through, agreed and documented.

- 5.7 Governors should expect the Head Teacher to manage the expenditure of the School within the core funding provided by the Local Authority and should be kept fully apprised of the financial sustainability or otherwise of the School's financial situation.
- 5.8 Governors need to agree mutually convenient meeting times. Governors should always receive written reports on important issues. These should be received well in advance of meetings in order that governors can read the papers and prepare appropriately.
- 5.9 The Chair of Governors should not chair other influential committees such as Personnel or Finance & Premises Committees and should not be involved in the performance review of the Head Teacher.
- 5.10 The governors should review, approve, endorse and periodically monitor the School Development Plan.

PERSONNEL COMMITTEE

- 5.11 The Personnel Committee should have dated Terms of Reference which set out:
- Membership
 - Quorum
 - Frequency of meetings
 - Key activities of the Committee
 - Relationships with other committees or working groups.
- 5.12 The amended Terms of Reference need to be approved by the Governing Body.
- 5.13 The Personnel Committee should have a formal annual work programme agreed at the beginning of the annual cycle of meetings.
- 5.14 The Salary Policy (Pay Policy) needs to be updated, endorsed by the Committee and recommended to the Governing Body. It should then be followed by the School and monitored by the Personnel Committee.
- 5.15 The business case for changes to the School's staffing structure (in terms of numbers, grades and remuneration) should be set out for the Personnel Committee who should be asked to approve the proposed changes subject to adequate financial provision. The Finance & Premises Committee should then be asked to endorse the changes and recommend approval to the Governing Body.
- 5.16 All Teaching and Learning Responsibility (TLR) payments should be reviewed and the need for each payment justified. The Personnel Committee should agree TLRs based upon evidence of responsibility and legality. Where existing TLRs cannot be justified, a fair process should be implemented for their removal.

- 5.17 Personnel Committee should receive written periodic staffing reports to include information on staffing structures, numbers, costs and changes including joiners, leavers and promotions. Personal information should not be disclosed. The financial implications of changes should be quantified, including part year and full year effects. Governors should seek assurance of the legality of proposals as well as the potential impact on equalities.

FINANCE & PREMISES

- 5.18 The Terms of Reference of the Finance & Premises Committee need to be updated, dated and include an annual programme of activity. They also need to set out relationships with other committees such as Personnel. The amended Terms of Reference need to be approved by the Governing Body.
- 5.19 Premises business needs to be organised so that it does not predominate at Finance & Premises Committee meetings. This can be done by establishing working groups which report back to the full committee. The groups could focus on particular issues such as security and maintenance and capital projects. Minutes of their activities would be recorded and submitted. The working groups would not have any delegated powers.
- 5.20 Budget, monitoring and outturn information should be presented to the Committee in a user friendly format which governors can scrutinise and challenge. The information should relate to school funds, governor funds and Tiffinian Ltd so that governors have a complete picture of the School's financial situation.
- 5.21 The School needs to develop a finance strategy which embraces Tiffinian Ltd. The strategy should look at the next three years as a minimum.
- 5.22 The governance of Tiffinian Ltd should be brought closer to the School so that there is greater accountability to the School's governors in particular those who are on the Finance and Premises Committee.
- 5.23 Committee minutes should identify actions and progress should be followed up routinely. A report should be received by the Committee on the progress of implementing recommendations arising from the 2007 and 2008 external audit reports. This should remain an item on the agenda until all the audit recommendations have been appropriately dealt with.
- 5.24 Pupil numbers should be reported routinely to governors on a regular basis and show numbers in each school year against the possible maximum with some analysis and narrative around joiners and leavers. The financial effect of pupil vacancies should be quantified and reported.
- 5.25 The Committee should be provided with financial information which is in a clear format and includes helpful analysis. For example trend analysis and reconciliations for the budget, actuals and forecasts.

- 5.26 Decisions by the School's leadership and governors should be made in line with the scheme of delegation operating in the school and reported accordingly.

HEAD TEACHER

- 5.27 The Head Teacher should effectively perform the financial responsibilities set out in the job description and the Head Teacher should recognise that the School can continue to deliver high standards of achievement only through a sustainable financial situation.
- 5.28 The Head Teacher should produce the School Development Plan (to be approved by governors) which will provide the main mechanism for the strategic planning and monitoring process.
- 5.29 The Head Teacher should act in an open and transparent manner towards governors and encourage even the most reticent governors to become engaged with the strategic planning and monitoring process. The Head Teacher should be prepared to discuss all the main aspects of school life with the Governing Body and expect them to challenge and question proposals and seek further information to enable them to make sound decisions. The Head Teacher needs to ensure governors receive sufficient information and that all governors understand the information which is presented to them.
- 5.30 All TLRs should be reviewed to ensure that they are justifiable and fair. The basis of their allocation should be transparent and capable of resisting challenge. Evidence supporting the allocation of TLRs should be documented and held on the appropriate staff file. Where TLRs can not be justified a fair process should be implemented for their removal.
- 5.31 Amendments to staff pay, Terms and Conditions, non contractual payments or related payments should be approved by governors and be based upon a written recommendation by the Head Teacher. These should always be subject to consideration of the adequacy of budgetary provision as well as confirmation of their legality and fairness.
- 5.32 HR and Payroll should be performed through a Bursars office which would have responsibility for finance, premises and HR. The Bursar's office would be headed by a Bursar who would report to the Head Teacher and be a member of the SLT.
- 5.33 The Head Teacher should undertake annual benchmarking of the School's financial performance and report an analysis of the findings to governors. This should be done annually in advance of budget setting so that it helps to inform the budget.
- 5.34 The Head Teacher should ensure governors approve or make decisions around significant matters and these are fully supported by rigorous and robust business cases which are presented to governors in a timely fashion.

- 5.35 The Head Teacher should ensure plans (including budgets) are fully supported by reports which identify and then fully explain and justify proposed key changes.
- 5.36 In conducting the performance review of the Head Teacher, objectives should flow from the School Development Plan. Salary progression of the Head Teacher will depend upon the demonstration of fundamentals such as good financial management at the School before the achievement of other objectives is considered. Furthermore the Head Teacher must be present at this review.
- 5.37 The Head Teacher should on a monthly basis review the budget and hold a meeting with the Bursar or equivalent to discuss areas of concerns. Progress against the budget should be reported at SLT meetings and concerns discussed and actions agreed.

BURSARS OFFICE

- 5.38 The financial responsibilities of the Deputy Head Teacher should be transferred to the Bursar who should be an appropriately qualified and experienced person with relevant professional and interpersonal skills. The Bursar should be a member of SLT.
- 5.39 Proposed salary amendments and one-off payments should be submitted to the School's Senior Finance Officer, by the member of staff responsible for HR. The Senior Finance Officer should only action the proposed amendment where authorisation has been granted by governors. This may come from the Governing Body, Personnel Committee or a Chair's action. With regard to the latter two, this has to be in agreement with the Finance & Premises Committee or in consultation with the Chair of this Committee. The amendment can then be signed off by the School's Principal Finance Officer or equivalent.
- 5.40 The Bursar's office would take responsibility for HR procedural matters including maintaining HR records. The Bursar's office should buy into RBK or other HR and Finance support services to ensure access to appropriate advice.

SENIOR LEADERSHIP TEAM

- 5.41 The Senior Leadership Team should be fully involved in the financial management of the School. Budget holders should be created where appropriate and they should receive monthly reports on their spending and be held to account by the Head Teacher.
- 5.42 The meetings of the Senior Leadership Team should be held in disciplined manner with notes being taken and action points identified. The note should be used as an agenda item for the next meeting to follow up proposed action. Senior Leadership Team meetings should be held at least monthly.

- 5.43 Full debate at these meetings should be encouraged so that team members understand the issues which are being discussed. Notes of the meetings should be made available to other members of staff.

6 OVERALL CONCLUSION AND AUDIT OPINION

- 6.1 In reviewing the School's financial governance arrangements we have formed an opinion on their adequacy.

AUDIT OPINION

Because there were a number of fundamental failings in the financial governance arrangements and a lack of their effectiveness in practice, an **audit opinion of limited assurance** is given (see Appendix A for categories of assurance).

7 NEXT STEPS

- 7.1 The School will be expected to produce an action plan with timescales in response to the agreed recommendations.
- 7.2 A follow up review of the School's progress in implementing the above recommendations will be undertaken in late autumn of 2009.

APPENDIX A: CATEGORIES OF ASSURANCE

As a result of our audit work, we arrive at a conclusion that assesses the audit assurance in one of three categories. These arise from:

Evaluation opinion:	Internal audit assesses whether the arrangements and/or system of controls in place are effective to meet objectives
Testing opinion:	Internal audit checks whether the arrangements and/or controls said to be in place are being applied consistently and effectively in practice

The three categories are:

A. Substantial Assurance

Evaluation opinion:	There are sound arrangements and/or controls in place and no fundamental or significant recommendations have been made; and
Testing opinion:	The arrangements and/or controls are being applied consistently and effectively in practice

B. Reasonable Assurance

Evaluation opinion:	There are basically sound arrangements and/or controls in place, but a number of significant (but not fundamental) recommendations have been made; and
Testing opinion:	The arrangements and/or controls are being applied reasonably consistently and effectively in practice with no fundamental or significant areas of non compliance

C. Limited Assurance

Evaluation opinion:	There are a number of fundamental and significant failings in the arrangements and/or controls in place for which recommendations have been made; and
Testing opinion:	The arrangements and/or controls are not being applied consistently and effectively in practice and there are a few fundamental or significant areas of non compliance

Note: The audit can only give a reasonable guide to the future as arrangements and/or controls and their application in practice alter over time.