



Committee and Date

Item

Public

## Community College Bishops Castle (CCBC) response to audit report

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### 1. Synopsis

*The Audit Committee requested a management update from leaders from the Community College, Bishops Castle, following the school having an unsatisfactory audit report from Shropshire Council. This report and appendices outline the actions taken by school leaders and the monitoring from Council Officers. The final audit report was issued on 11 March 2024.*

### 2. Executive Summary

*The action plan as submitted by the school outlines the actions taken against each of the following management control objectives. The action plan is due to be presented to school governors as an update in the week commencing 18 November 2024.*

- 2.1. The action plan, as submitted by school leaders, outlines the actions taken or due to be taken against each of the following management control objectives based on the findings of the audit report:
- A. Governors and staff clearly understand their respective roles and responsibilities.
  - B. Budget income is identified, collected and banked in accordance with procedures.
  - C. Regular budget monitoring is performed and any significant variations are investigated.
  - D. Purchases are appropriate, authorised, recorded correctly and comply with Financial Regulations and Contract Procedure Rules.
  - E. The Imprest account is operated in accordance with Imprest Procedures and all monies can be accounted for.

- F. Payment is made to bona fide employees only for the work performed through the Payroll system.
- G. The school fund is operated in accordance with the school fund notes of guidance.
- H. Income from school meals is properly recorded, fully accounted for and banked promptly and intact by the cash collection agent.
- I. Only pupils entitled to a free school meal receive them. Adult free meals are authorised.
- J. Disclosure and Barring Service (DBS) checks have been performed for relevant staff.
- K. Information Governance and cyber risks are managed in accordance with current best practice and an agreed policy.

2.2. The action plan included in Appendix 1 of this report, is based on appendices 1, 2 and 3 of the Council's audit report. Appendix 1 identified the high level summary of findings and appendix 2 identified the fundamental recommendations. Appendix 3 lists all recommendations.

2.3. The action plan indicates;

- A. Initial action required
- B. Person responsible
- C. Implementation date
- D. An update on the action
- E. Further action required
- F. Completion date

2.4. Analysis of the action plan indicates that action has been taken against all key areas. The section on the management control objective of ensuring that the school fund is operated in accordance with the school fund notes of guidance indicates that there are a small number of fundamental areas where action has been identified but the implementation is ongoing. The school will continue to address these areas.

2.5. The audit indicates a fundamental action as that of 'A full review should be completed of the financial management at the College by an independent body.' and states that 'The independent review should be completed as soon as possible. A review in 12 months will not address the potential financial mismanagement identified in this review or ensure that all funds are correctly accounted for'. The school has so far been unsuccessful in commissioning an independent body to carry out the review, though numerous bodies have been approached. Section 8.1 of the action plan outlines the steps taken to address this but this remains an outstanding action that needs addressing immediately.

### **3. Recommendations**

- 3.1. The committee are requested to acknowledge that school leaders have formed an appropriate action plan and that they are taking the necessary actions to remedy the audit report.
- 3.2. Monitoring oversight is maintained by the Governing Body, plus termly updates to Council Officers via the Head of Education Quality and Safeguarding.



# Report

## 4. Risk Assessment and Opportunities Appraisal

- 4.1. Maintained schools must meet the Schools financial value standard (SVFS). Failure to meet these benchmarks indicate that financial processes are weak.
- 4.2. The school has an historic deficit which is forecast to be £402,226 by the end of the current academic year (2024/5). If the school becomes a sponsored academy then the local authority assumes the responsibility for the deficit. Under current statutory guidance, schools become sponsored academies if they are found to be 'inadequate' in an Ofsted inspection. The school was judged to be 'good' by Ofsted in June 2023 and therefore is not due to be inspected until June 2027. School Performance Monitoring identifies the risk of the school being judged 'inadequate' is very low.
- 4.3. Organisations nationally are at increased risk of cyber attacks and phishing attacks. The school has undertaken additional training for fraud awareness. Password policies are strengthened.
- 4.4. The action plan indicates in section 11.1 that there were risks of visitors having unsupervised access and no DBS check in place as required in the statutory guidance of Keeping Children Safe in Education. The school disagreed with the need for this recommendation. In June 2023, Ofsted confirmed that safeguarding was effective and the school's view is that all necessary action is taken to mitigate this risk.

<i>Risk</i>	<i>Mitigation</i>
The school fails to meet the benchmarks for Schools financial value standard.	The school is implementing the actions outlined in the action plan to ensure that SFVS benchmarks are met.  This includes organising an external audit of the school fund.
The school is judged to be inadequate and the council would need to bear the responsibility of the £402,226 deficit	School leaders and the LA will monitor and provide support to ensure that the school remains 'good' in all areas. The school will receive support from an LA school improvement adviser for and support from the Education Quality Advisers for send and alternative provision.
The school is exposed to a cyber attack or phishing scam.	The school business manager has attended fraud awareness and money laundering training. The finance assistant will complete the training in January 25.  Password policy has been updated with a migration to Office 365 and a new ICT provider.
Unsupervised access to children by volunteers without DBS checks being in place.	The school will ensure there is a DBS in place if a volunteer is due to visit more than 3 times, such as enrichment activities. Volunteers are NOT left with students without a member of staff supervising if no DBS in place. The school is not aware of any breach

	of a volunteer being left with a student that has not received a risk assessment and has a DBS in place.
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## 5. Financial Implications

- 5.1. The school has an historic deficit (£402,226 forecast at the end of 2024/5). The school has consistently managed to produce a budget that either typically breaks even or returns a small surplus each year. The school has undertaken restructures of staffing including the Senior Leadership Team and redundancies in order to reduce staffing costs. A large deficit means that the school remains in a challenging position. A large deficit creates a barrier to becoming a converter academy as any trust would need to take on the responsibility of the deficit. The deficit position and the need to restructure staffing are not due to the weaknesses identified in the audit report.
- 5.2. When maintained schools have a licensed deficit they are typically required to agree to a three year repayment plan. The in-year surpluses achieved by the school and those forecast to be achieved in future years would not make a three year repayment plan achievable. In 2019/20 the school had a deficit of £458,482 which demonstrates that the deficit has been reduced by over £50,000 over the period of 5 years. The school is reducing the deficit position over time and has shown a commitment to do so. This arrangement will be formalised on a rolling 3 year basis by the school finance officer. The action plan will be updated accordingly.
- 5.3. The school has engaged with a DfE School Resource Management Adviser. The report written by the SRMA identified 3 costed recommendations:
- A. Staffing:
- Review expenditure on teaching staff with particular focus on the structure of SLT which exceeds benchmark expenditure by around £60k per annum.
  - Review expenditure on non-curriculum support staffing and adjust budget to current 'firm and final' offer of £1,290 per FTE.
- B. Non-staffing costs evaluation
- Ongoing analysis of non-staffing expenditure is informed by the budget provided during the review and measured against the impact the expenditure is expected to have on pupil outcomes.
- C. Increase revenue income through grant applications.
- It is acknowledged that the school has been very successful in generating income through grant funding applications.
  - The SRMA has provided 90+ grant funding opportunities
- 5.4. The SRMA reviewed the historic legacy deficit and current budgets stated that *'the budgets provided for review were detailed with supporting notes informing assumptions.'*

## 6. Climate Change Appraisal

- 6.1. The audit report highlighted weaknesses in financial processes. There is no effect on climate change.

## 7. Background

7.1. The Community College, Bishops Castle is a maintained secondary school. All maintained schools are subject to audit carried out by local authorities. Academies are not subject to the same process as their financial arrangements are governed by the ESFA (Education and Skills Funding Agency). The recent audit carried out by Shropshire Council resulted in school processes being judged to be unsatisfactory.

## 8. Additional Information

8.1. See appendix for school action plan in response to the unsatisfactory audit report.

## 9. Conclusions

- 9.1. The school has produced an action plan to resolve issues identified in the audit report.
- 9.2. Many areas have been addressed. Where an area has not been fully remedied there are actions and deadlines in place. Section 8.1 outlines the priority action that needs to take place in terms of an external review.
- 9.3. A DfE School Resource Management Adviser has undertaken a review and benchmarking of school finances.
- 9.4. The action plan is expected to be fully implemented by March 2025
- 9.5. Monitoring by the Governing Body will continue as will oversight from Council Officers. The headteacher will provide monthly updates to the Head of Education Quality and Safeguarding to ensure that all actions are undertaken.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Appendix 1 - Audit Action Plan November 2024 (as submitted by school leaders)

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