

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF ADULT EDUCATION COLLEGE AUDIT FOR 2014-15

Issued to: Amanda Austin, Head of Support Service BAEC
Carole Arnfield, Head of Service
David Bradshaw, Head of ECHS Finance
Jane Bailey, Assistant Director, Education, Interim

Cc: Assistant Director, Strategic Development & Performance

Prepared by: Principal Auditor

Date of Issue: December 2nd 2014

Report No.: ECH/052/01/2014

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INTRODUCTION

1. This report sets out the results of our systems based audit of Adult Education College Audit for 2014-15. The audit was carried out in quarter 3 as part of the programmed work specified in the 2014 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 9/10/14. The period covered by this report is from April 1st 2014 to October 31st 2014.
4. The Adult Education Centre has net budget of £486,800 which is a reduction of £27,930 from 2013-14.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference. The following areas were reviewed as part of the annual Internal Audit :-
Income
Expenditure
Budget Monitoring
Asset Register
DBS checks (previously CRB).
6. The recommendation made within the 2013-14 report was also followed up and this was found to have been implemented satisfactorily.

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AUDIT OPINION

7. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

8. **Income**

Tuition Fee Income -Sample testing was undertaken across courses that were selected at random from the college course brochure. A sample of 25 learners were selected across these 16 courses from those students that had enrolled successfully.

The majority of the courses tested had been self- funded, but a few had been free as the learner was receiving income support or job seekers allowance. All income was traced back and reconciled to bank statements. Evidence of benefits was also seen and verified.

Included within the 2013/14 report, commented on the level of outstanding debts and whether the old balances should be considered for write off (as almost six years old in some cases). Within the current review, further reports were requested detailing balances at the end of 2013-14 and the current balance at the time of the review in November 2014. It was found that at the end of the year in 2013/14 the balance of debts had decreased from £52,170.29 to approximately £13,278 (at the time of the audit). Therefore, showing a reduction in outstanding debts throughout the year. Given the action taken to address the debt we are not proposing to raise a recommendation.

Lettings income – A sample of lettings were reviewed and confirmation made that invoices had been paid. All invoices were found to have been paid. One letting had not yet been invoiced as the letting had only been very recent in November 2014.

Grant income and budget monitoring– For 2014/15, it should be noted that there are considerable shortfalls due on grant funding for the current financial year 2014-15 that is expected to be approximately £178K and also £166K in relation to

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tuition fees, that was confirmed by budget monitoring. The College is currently addressing this and therefore was not part of the audit process.

9. **Expenditure**

A sample of 25 expenditure transactions were selected for review. All invoices had been paid and amounts verified.

10. **Asset Register**

A sample of 5 items were selected from the asset register to confirm the item was on site, the location and serial number. All items were located as expected.

11. **DBS Checks**

The previous report in 2013-14 made one recommendation in relation to DBS (previously called CRB) checks. It was found that this been implemented satisfactorily. For this year, testing on five members of staff identified that DBS checks were on a rolling programme and regularly monitored.

12. Within the 2013/14 audit, it was mentioned that the Portfolio Holder for Education had resolved that market testing of the existing adult education service be undertaken. Following an initial piece of work, which considered a range of direct and associated issues linked to the market testing of the Adult Education Service, it had become apparent that further detailed work was required before a preferred model of delivery could be presented for Members consideration. A report on the outcomes of the options appraisal exercise was due to be considered by the Education PDS Committee. Following this, the Gateway Review would then be presented to the Council's Executive for decision. Since then a report was considered by the Executive on 16/7/14 and provided details of an indicative timeline for Competitive Dialogue.

SIGNIFICANT FINDINGS (PRIORITY 1)

13. None.

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DETAILED FINDINGS / MANAGEMENT ACTION PLAN

14. There are no findings made within this report and hence there is no Appendix A or B.

ACKNOWLEDGEMENT

15. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

OPINION DEFINITIONS

APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.