

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF ADULT EDUCATION COLLEGE AUDIT FOR 2015-6

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

Cc: Anne Watts, Assistant Director, Strategic Development & Performance

Prepared by: Principal Auditor

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INTRODUCTION

1. This report sets out the results of our systems based audit of Adult Education College Audit for 2015-6. The audit was carried out in quarter Q4 as part of the programmed work specified in the 2015-16 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 9th February 2016. The period covered by this report is from November 2014 to February 2016.
4. The Adult Education Centre has a net budget of £693,770 which is an increase of £206,970 from 2014-15. Expected income is budgeted at £3,111,810, whilst the actual expected income is £2,890,262.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

6. 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

7. Controls were in place and working well in the areas of:
 - Tuition fee and lettings income is promptly and accurately collected.

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- Discounts are only given in accordance with agreed procedures and satisfactory evidence supplied.
- Expenditure is supported by adequate documentation and properly certified. Purchase orders are raised where expected, with quotes/tenders obtained in accordance with contract procedure rules.
- Procedures are in place to have relevant staff DBS checked.

Testing was undertaken of the following:

Tuition Fee Income

Sample testing was undertaken from the registers for each day brochure. A sample of 25 learners were selected and found that income expected for each pupil was correct received and the charge was the correct amount for the course. A sample of 10 discounts were checked and found to have been appropriately awarded given the claimants circumstances.

Outstanding Debt

It was found that at the end of the year in 2014/15 the balance of debt was approximately £31,600.29. At the time of the audit the level of debt was £35,912. The difference is mainly due to the difference in timing of the audit and action is being 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.

Grant income and budget monitoring

For 2015/16, it should be noted that there are considerable shortfalls due on grant funding for the current financial year 2015-16 that is expected to be approximately £122K.

Expenditure

A sample of 25 expenditure transactions were selected for review. All invoices had been paid promptly and amounts verified. Orders were raised appropriately and before the commitment to purchase in all but one instance and contracts were in place where expected.

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8. However we would like to bring to Management's attention the following issue: Although the asset register was found to have been reviewed and signed off, the asset register contains six items which have not been seen for at least 2 years. Subsequently five of these items were found by the college, with the one not being found was an old item (over five years old and now of negligible value).

SIGNIFICANT FINDINGS (PRIORITY 1)

9. No significant findings were identified in this review.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

10. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

11. 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.