



Final Internal Audit Report Winterbourne Junior Girls' School May 2019

Distribution: Headteacher
Chair of Governors
School Business Manager
Executive Director, Children, Families and Education (Final Only)
Director of Education and Youth Engagement (Final Only)
Director of Finance, Investment & Risk (Final Only)

Assurance Level		Recommendations Made	
Limited Assurance	Direction of Travel from previous audit: Down from Substantial	Priority 1	2
		Priority 2	5
		Priority 3	5

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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Executive Summary

1. Introduction

- 1.1. Winterbourne Junior Girls' School is a community school and at the time of the audit there were 282 pupils attending. It has an expenditure budget of approximately £1.6m for the 2018/19 financial year, (source: approved budget).
- 1.2. The audit was undertaken as part of the agreed Internal Audit Plan for 2018/19 based on a risk assessment. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Recommendations and Issues

Priority 1 Recommendations

The Head Teacher at the School had not been appraised since November 2017, **(Issue 4)**.

Ten of the invoices for the sample of 15 transactions tested were not certified for payment, **(Issue 6)**.

Priority 2 Recommendations

Governing body minutes for November 2017, March 2018 and July 2018 meetings were not signed by the Chair (or the Vice Chair in the Chair's absence) until 5 March 2019, **(Issue 1)**.

The School's SFVS self-assessment for 2017/18 was not agreed by the full Governing Body as required, **(Issue 2)**.

The 10 July 2018 Governing Body meeting did not evidence budget monitoring. As the School has no committees it is particularly important that the Governing Body conducts regular budget monitoring, **(Issue 3)**.

Four of the orders for the sample of fifteen transactions tested had been raised retrospective to the invoices, **(Issue 5)**.

Laptop loan forms did not specify the duration of the equipment loan nor were these evidenced as authorised by an appropriate officer, **(Issue 7)**.

The priority 3 recommendations are included under item 4 below.

Acknowledgement

We would like to thank the following members of staff for their time and contribution to this audit:

- Headteacher
- School Business Manager

Detailed Report

3. Actions and Key Findings/Rationale

Audit Area: Governance

Priority	Recommendation 1	Detailed Finding/Rationale	Agreed/Disagreed	Responsible Officer	Deadline
2	The School should ensure that, if the Chair of Governors is not present to sign the minutes, suitable alternate arrangements are in place.	<p>Expected Control</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations, 2013, paragraph 15(1) states that, 'the clerk to the governing body (or the person appointed to act as clerk for the purpose of the meeting in accordance with regulation 10(3)) must ensure that minutes of the proceedings of a meeting of the governing body are drawn up and signed (subject to the approval of the governing body) by the chair at the next meeting'</p> <p>Issue/Finding</p> <p>The Full Governing Body minutes for November 2017, March 2018 and July 2018 were all signed on 5 March 2019, which was the date of the most recent FGB meeting. The Chair of Governors for these meetings had attended these telephonically and therefore was not physically able to sign the minutes. It was explained that the most recent Full Governing Body meeting was the first opportunity for the new Chair (who previously was the Vice Chair) to sign the minutes.</p> <p>Risk</p> <p>Where full Governing Body minutes are not signed at the subsequent governors meeting, there is a risk that the School is not complying with The School Governance (Roles, Procedures and Allowances) (England) Regulations, 2013, and the minutes may not be an accurate reflection of the meeting.</p>	Agreed	COG Clerk	Start date March 2019
Management Response					
Since the audit took place - The Governing Body has a new chairman from March 2019 and have employed the services of a more robust clerking service with a single					

<p>dedicated school clerk from the start of the summer term 2019 to combat the ad-hoc clerking services that the school had previously received.</p> <p>Together, the COG and clerk will ensure henceforth that all minutes are signed at the next meeting.</p>			<p>23rd April 2019</p>
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Priority	Recommendation 2	Detailed Finding/Rationale
2	<p>The SFVS self-assessment for 2018/19 should be presented to the full Governing Body for its approval.</p>	<p>Expected Control</p> <p>The 'Schools financial value standard (SFVS) - Standard assessment form', dated March 2018, published by the DfE on the gov.uk website details that, 'The governing body or the management committee may delegate the consideration of the questions to a finance or other relevant committee, but a detailed report should be provided to the full governing body or the management committee and the chair of governors or the chair of the management committee must sign the completed form.'</p> <p>Issue/Finding</p> <p>There was no evidence within the Governing Body minutes of the School's SFVS self-assessment for 2017/18 being discussed and formally agreed. It was explained that the SFVS self-assessment for 2017/18 had been shared and discussed via e-mail instead.</p> <p>It is acknowledged that the SFVS self-assessment for 2018/19 scheduled to be discussed by the full Governing Body at its meeting on 26 March 2019.</p> <p>Risk</p> <p>Where the School's SFVS self-assessment is not considered and agreed by the full Governing Body and minuted as such, the School is in breach of the SFVS requirements and there is a risk that the self-assessment is not properly considered and completed.</p>
Management Response		Agreed/Disagreed
<p>The Governing Body recognises that reviewing the SFVS via email and group telephone conversations was not as satisfactory as face to face meetings.</p> <p>The 2018-2019 was therefore reviewed at the FGB meeting on 26th March 2019 and this practice will continue.</p>		<p>Agreed</p> <p>Responsible Officer</p> <p>COG Clerk</p> <p>Deadline</p> <p>Going forward</p>

Priority	Recommendation 3	Detailed Finding/Rationale
2	A standing item for the monitoring of the financial position of the School should be on each Governing Body meeting agenda.	<p>Expected Control The School's Finance Policy 2018-19 details that, 'The FGB has overall responsibility for the management of all the school's finances. This also includes the delegated budget, formula capital and other budgets delegated by the Authority and other funds. Responsibilities include Regular monitoring of the financial position of the school.'</p> <p>Issue/Finding Examination of the minutes of Governing Body meetings held over the last year (namely 15 November 2017 and 20 March, 10 July and 20 November 2018) noted that there was no evidence of budget monitoring at the 10 July 2018 meeting.</p> <p>As the School has no committees it is particularly important that the Governing Body conducts this regular budget monitoring.</p> <p>Risk Where the Governing Body does not review the financial position of the School at each meeting, there is a risk that appropriate budget management actions are not taken in a timely manner.</p>
Management Response	The Governing Body has agreed to move to a formal committee structure, this was ratified at the FGB on 26 th March 2019. Budget monitoring will be a standing item for discussion at all FGB meetings.	<p>Agreed/Disagreed Agreed</p> <p>Responsible Officer COG Clerk</p> <p>Deadline 26/03/19 onwards</p>

Audit Area: Payroll

Detailed Finding/Rationale	
<p>Priority</p> <p>Recommendation 4</p> <p>1 The Governors should ensure that the Head Teacher is appraised annually before 31 December each year. The Head Teacher should have their appraisal for 2017/2018 as soon as possible.</p>	<p>Expected Control</p> <p>The Education (School Teachers' Appraisal) (England) Regulations 2012, specify that the performance of the Head Teacher must be annually reviewed.</p> <p>Issue/Finding</p> <p>The Head Teacher at the School had not had an appraisal since 13 November 2017, when the 2016/17 objectives were reviewed.</p> <p>It was explained that subsequent appraisals had not been held due to the Head Teacher having reduced her employment to part-time at Winterbourne Junior Girls' School, in order to stand in as acting Head Teacher for Winterbourne Infants School, and there being confusion over which School should appraise her. The Chair of Governors for Winterbourne Junior Girls' School was also on sick leave and therefore could not be present for a meeting before 31 December 2018. The new Chair of Governors did not know enough about the appraisal process for this to have been done sooner.</p> <p>Risk</p> <p>Where the Head Teacher has not been appraised within 12 months of their last appraisal, there is a risk that the School is non-compliant with The Education (School Teachers' Appraisal) (England) Regulations 2012.</p>
Management Response	
<p>There were unique circumstances (ex-Chairman's pregnancy and subsequent resignation) that led to the delay in the Head Teacher's appraisal. This was carried out on 2nd April 2019 with an external advisor (Octavo). The Governing Body will ask Octavo to email to confirm this. The next HT appraisal has</p>	<p>Agreed/Disagreed</p> <p>Agreed</p> <p>Responsible Officer</p> <p>COG HT Performance Management Committee</p> <p>Deadline</p> <p>Going forward</p>

been pre-booked with the external Advisor for the 16 th October 2019.				
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Audit Area: Procurement

Priority	Recommendation 5	Detailed Finding/Rationale
2	<p>For all cases, where costs relating to transactions can be identified in advance, management should ensure that purchase orders are raised and appropriately certified in advance of purchases being initiated.</p>	<p>Expected Control The School's Finance Policy, section 5 'Ordering and Procurement Procedure' details that, 'a purchase order should be raised in advance of any items being bought on behalf of the School, unless there are exceptional circumstances.'</p> <p>Issue/Finding Four of the purchase orders for the sample of 15 purchases tested were found to have been raised retrospectively to the receipt of the corresponding invoices.</p> <p>Risk Where the School does not raise purchase orders in advance, there is a risk that the authorisation and commitment processes are by-passed which may result in inappropriate purchases and poor budgetary control.</p>
Management Response	Agreed/Disagreed	Responsible Officer
<p>The School will revise its Finance Policy to detail occasions where raising a purchase beforehand is not feasible.</p>	<p>Agreed</p>	<p>SBM SBSC FGB</p>
		Deadline
		<p>SB Committee – 18th June 2019 FGB 9th July 2019</p>

Priority	Recommendation 6	Detailed Finding/Rationale	
1	A member of staff approved by the Governing Body should certify invoices for payment.	<p>Expected Control</p> <p>The Ofsted document 'Keeping Your Balance - Standards for financial management in schools' revised in October 2000 details for standard D15 that, 'A member of staff approved by the governing body should certify invoices for payment. This should be neither the person who signed the order nor the person who checked the receipt of goods or services.'</p> <p>Issue/Finding</p> <p>Examination of a sample of 15 purchases established that ten transactions only featured one signature on the invoices where there had not been a delivery receipt. In line with the School's Finance Policy, paragraph 13, these were determined to evidence the goods received check and therefore, there was no evidence of these invoices being certified for payment.</p> <p>This is particularly key in light of recommendation 5 above, where some purchase orders were being raised retrospectively bypassing the authorisation and commitment processes.</p> <p>Risk</p> <p>Where transactions are not evidenced as appropriately approved for payment, there is risk that authorisation requirements are bypassed and inappropriate expenditure may be incurred.</p>	
<p>Management Response</p> <p>We ensure as much segregation duties possible for a small school with part-time staff. The finance assistant role is to make all the necessary checks so that she can process the invoice; the FA does not issue the purchase order or process the cheque. There are times when the FA will have received the goods, because no one else is in the office. From now on,</p>			
Agreed/Disagreed		Responsible Officer	Deadline
Agreed in part		School	Going forward FGB 9th July



if it is a paper delivery note, someone else will sign. If it is a PDA, however, whoever is present will sign. If online checking is required, the person checking online will sign.

The updated finance policy will reflect this.

Audit Area: Information Governance

Priority	Recommendation 7	Detailed Finding/Rationale		
2	The School should amend equipment loan forms and processes to require the authorisation signature of an appropriate officer and specify the duration of the loan.	<p>Expected Control Equipment loan forms should be authorised by an appropriate officer, detail the duration of the loan, and clearly state the responsibilities of the individual to whom the equipment is being loaned and their signature to confirm their understanding.</p> <p>Issue/Finding Examination of laptop loan forms currently in use at the School established that, whilst the responsibilities are explained clearly, the duration of the loan is not specified and the loan is not authorised by an appropriate officer.</p> <p>Risk Where equipment loan forms are not authorised by an appropriate officer and specify the duration of the loan, there is a risk that inappropriate equipment loans could be issued.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Delegations will now be detailed in the Finance Policy going forward. The ICT signing sheet has now been amended to include the wording from the London Borough of Croydon contract.		Agreed	SBM SBSC FGB	FGB 9 th July 2019

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The School should ensure that all new governors are made aware of and provided access to the Croydon Scheme for Financing Schools.</p> <p><u>WJGS response</u></p> <p>Octavo Clerking do inform governors where to get this in their new governor training and School Finance for Governors training. From now on, it will be referenced in the school's new governor induction pack.</p>	<p>New governors are provided with an introduction pack from Octavo, which includes a list of training available to them. The Governors also have access to a google drive, which was set up last year. Only governors have access to the drive, with observers such as the School Business Manager being able to read documents, but not edit the content on the Google Drive.</p> <p>Examination of the list of documents on the Google Drive confirmed that this included the School's Delegation of authorisation levels as included in the Finance Policy, the School's current budget, and the Governor's Guide to School Governance. Croydon Council's Scheme for Financing Schools; however, was not included on the Google Drive nor in the pack provided by Octavo.</p> <p>Where the governor's induction pack is incomplete, there is a risk that Governors may not be properly informed regarding their duties and the School, and be unable to govern the School's finances efficiently.</p>
<p>2) The School should ensure they do not have any unreconciled items older than six months.</p> <p><u>WJGS response</u></p> <ul style="list-style-type: none"> • The two Parentpay cheques had been left on because another auditor had specified that debts to parents had to remain on the books for 6 years; they have now been removed. • The cheque to the staff member has been left as she is on maternity leave, to be dealt with on her return; this has now been reissued. • The petty cash cheque was an anomaly the SBM was leaving for the external independent finance advisor to deal with. 	<p>Examination of the School's unreconciled items list established that there were four unreconciled items which were older than six months old, (namely two 'Parent Refund Parentpay' both for £5 dated 20 February 2018, a payment to a member of staff, dated 20 March 2018, for £14.80 and a 'petty cash top up', dated 21 May 2018, for £335.95).</p> <p>Where there are unreconciled items older than six months, there is a risk that where cheque payments are being made, these will not be accepted by the bank.</p>



<p>3) The ParentPay reconciliations should be signed by the staff member reconciling these and should be evidenced as independently checked.</p> <p><u>WJGS response</u> Parentpay is checked online; journals will be signed from now on as proof of checking.</p>	<p>In accordance with requirements of 'Keeping Your Balance, Standards for Financial Management in Schools', bank reconciliations should be signed by the officer responsible for performing these and countersigned by a second officer.</p> <p>None of the ParentPay reconciliations had been signed.</p> <p>Where monthly ParentPay reconciliations are not signed as required, there is a lack of accountability.</p>
<p>4) Subject Access Request forms should be amended to include the individual's right to request data, which may be corrected or deleted if inaccurate.</p> <p><u>WJGS response</u> All our GDPR documentation was based on templates provided by 'The Key', in conjunction with the ICO. In the event of a subject access request for personal data, we will ensure we follow the latest guidelines from the ICO.</p>	<p>Subject Access Requests forms do not explicitly state that the individual has the right to request access to data, which may be corrected or deleted if inaccurate.</p> <p>Where Subject Access Request forms do not clearly state the rights of the individual, there is a risk that the School is not complying with the Data Protection Act 2018 and may be liable for a fine from the Information Commissioner's Office and reputational damage.</p>
<p>5) The checklist of the various responsibilities and duties under current health and safety legislation should be reviewed by the School with any identified gaps addressed as soon as possible.</p> <p><u>WJGS response</u> The School will revise its H&S documentation and fill any gaps identified.</p>	<p>The Health & Safety at Work Act 1974, its subordinate legislation, The Regulatory Reform (Fire Safety) Order 2005, Control of Asbestos Regulations 2012 and other related legislation, place responsibilities on school governing bodies for the correct management of building-related risks.</p> <p>A checklist of the various responsibilities and duties under current health and safety legislation (as they relate to the maintenance, statutory compliance and repair upkeep of school buildings) was reviewed as part of the audit. Whilst it was evidenced that the School has a good overall level of compliance, a gap was noted namely: Confirmation of the implementation of actions identified in the risk assessment report for the externally powered gates on the School premises.</p> <p>Where the School does not review its responsibilities and duties under current health and safety legislation and carry out works to ensure that it is compliant, there</p>



is an increased risk that all required maintenance is not identified and completed, leading to a risk that harm could come to children and staff when present in the School grounds.

AUDIT TERMS OF REFERENCE

Winterbourne Junior Girls' School – 2018/19

1. INTRODUCTION & BACKGROUND

- 1.1 This audit is being undertaken as part of the Internal Audit Plan for 2018/19, as agreed by the Council's Audit Committee.

2. AUDIT OBJECTIVES AND METHODOLOGY

- 2.1 To provide an independent and objective opinion on the degree to which the Council's internal control environment supports and promotes the achievement of the Council's objectives. The internal control environment comprises the policies, procedures and operations in place to:
- establish, and monitor the achievement of the service's objectives;
 - identify, assess and manage the risks to achieving the services objectives;
 - facilitate policy and decision making;
 - ensure the economical, effective and efficient use of resources;
 - ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;
 - safeguard the service's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
 - ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.
- 2.2 To confirm that management have controls in place to detect and vigorously, pursue, fraud, corruption, other irregularities, errors and poor value for money.
- 2.3 To confirm that appropriate management action has been taken to implement recommendations for change leading to improvement in performance and/ or control.

3. SCOPE

- 3.1 It is intended that the following areas will be examined:





Audit Area	Recommendations Made		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Governance and Leadership	0	3	1
Budgetary Control & Monitoring	0	0	0
Payroll	1	0	0
Safeguarding	0	0	0
Procurement	1	1	0
Bank Accounts	0	0	2

Information Governance	0	1	1
Income	0	0	0
Health and Safety	0	0	1
School Fund	0	0	0

Definitions for Audit Opinions and Recommendations

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to recommendations are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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