

Final Internal Audit Report

Archbishop Tenison's CE High School

February 2021

Distribution: Head Teacher
Chair of Governors
School Business Manager
Executive Director, Children, Families and Education
Director of Education and Youth Engagement

Assurance Level	Recommendations Made	
Limited Assurance	Priority 1	1
	Priority 2	7
	Priority 3	3

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.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, re-interpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, re-interpretation, amendment and/or modification by any third party is entirely at their own risk.

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

Executive Summary

1. Introduction	3
2. Key Issues	3

Detailed Report

3. Actions and Key Findings/Rationale	5
4. Priority 3 Recommendations	18

Appendices

1. Terms of Reference
2. Definitions for Audit Opinions and Recommendations
3. Statement of Responsibility

1. Introduction

- 1.1 Archbishop Tenison's CE High School is a secondary school and at the time of audit there were about 736 pupils attending (provided by Finance Manager 27 January 2021). The school has an expenditure budget of approximately £4.61M for 2020/21.
- 1.2 The fieldwork for this review was completed during the government measures put in place in response to COVID-19. While our review and testing was performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.3 The audit was undertaken as part of the agreed Internal Audit Plan for 2020/21 based on a risk assessment. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues

Priority 1 Issue

The School did not have a plan to eliminate its deficit within three years as required by the Croydon Scheme for Financing Schools. **(Recommendation 2)**

Priority 2 Issues

Examination of the Staff, Finance and Premises Committee found that the meeting minutes did not include a standing opening item for declaration of interests. **(Recommendation 1)**

Sample testing of the records for three new starters found that evidence of 'right to work' checks was not being maintained as required. **(Recommendation 3)**

Testing of a sample of five starters found that for one of the staff members, the post was not advertised, no panel notes were kept and only one reference has been obtained. **(Recommendation 4)**

Inspection of the Single Central Record found that for three staff members and six Governors, DBS's had not been renewed for over three years. **(Recommendation 5)**

Examination of the Business Continuity Plan shows that it was last reviewed in February 2016. **(Recommendation 6)**

The Schools Information Asset Register (or other alternative document) could not be located at the time of audit, although this was subsequently located. **(Recommendation 7)**

A checklist of the various responsibilities and duties under current health and safety legislation (as these relate to the maintenance, statutory compliance and repair upkeep

of school buildings) was reviewed as part of the audit. Whilst it was evidenced through completion of the checklist by the School that a good overall level of compliance was reported, some gaps were noted. **(Recommendation 8)**

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:

- Head Teacher
- School Business Manager
- Finance and Personnel Officer

3. Actions and Key Findings/Rationale

Audit Area: Governance and Leadership

Priority	Recommendation 1	Detailed Finding/Rationale		
2	The agendas for each Staff, Finance and Premises Committee meeting should include a standing opening item for the declaration of interests.	<p>Expected Control</p> <p>The School Financial Value Standard, question 4 asks, 'Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?' The guidance notes further explain that, 'Declarations of interest should be a standing item at the beginning of the agenda for every governing body meeting to help identify potential conflicts of interest and if any updating or further action is needed.'</p> <p>Issue/Finding</p> <p>Examination of recent full Governing Body and Staff, Finance and Premises Committee meeting minutes noted that while the minutes of the full Governing Body all included a standing opening item for declarations of interest, the minutes of the Staff, Finance and Premises Committee meetings did not.</p> <p>Risk</p> <p>Where meetings do not include a standing opening agenda item for the declaration of interests, there is a risk that potential conflicts of interest are not declared and that Governors could make decisions which are against the best interests of the School and more in line with their own.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
It is normal practice to include this. The minutes referred to for this Committee were taken when meetings had to be held remotely and this was		Agreed	Chair of Governors / Clerk	Immediately

why the omission occurred on these occasions. It will be corrected in future.

--	--	--	--

Audit Area: Budget Planning, Monitoring and Reporting

Priority	Recommendation 2	Detailed Finding/Rationale
1	The School should continue to work to reduce the cumulative deficit.	<p>Expected Control</p> <p>The Croydon Scheme for Financing Schools, 4.9 Licensed Deficits, details that, <i>‘In certain circumstances, a school may plan for a deficit budget, with the agreement of the LA only if there:</i></p> <ul style="list-style-type: none"> - <i>is a significant unforeseen decrease in pupil numbers</i> - <i>is a significant over-projection in pupil numbers.</i> - <i>are extreme circumstances that could not be foreseen or catered for by the school.</i> <p><i>The school must agree an action plan with the LA (authorisation from the Director of Finance, Investment and Risk and S151 Officer) in order that a non-deficit budget can be set at the end of a specified period’ and that, ‘The plan to put the school back into surplus must not exceed three years.’ (The requirement the plan should not exceed three years is a requirement of the ‘Statutory guidance of Schemes for financing local authority-maintained schools’ section 6.9.)</i></p> <p>Issue/Finding</p> <p>The School has cumulative deficit of £873,314 carried into the 2020/21 budget, having been in deficit for a number of years. Although the School (as at the time of audit) had managed to maintain its in-year budget and an in year surplus was forecast for 2021/22 (as detailed in the School’s 2020/21 licensed deficit application), the School is not forecast to enter into a cumulative surplus position by the end of 2022/23 (the forecast position as per the licensed deficit application at the end of 2022/23 is a cumulative deficit of £599,321) and therefore is not in compliance with the Croydon Scheme for Financing Schools.</p> <p>It is acknowledged that the School has taken a number of management actions, including staff reductions and increasing the sixth form intake to 150 from September 2020, but notwithstanding further continued actions are required.</p>

	Risk		
	Where the School sets a deficit in their budget plan that exceeds three years, the School is in breach of the Croydon Scheme for Financing Schools.		
Management Response	Agreed/Disagreed	Responsible Officer	Deadline
This was discussed fully as part of the Audit. The report does not include all the items which were discussed, most notably that after several years of waiting since 2010 for the Local Authority to make good its promise to support the school to increase its pupil roll, the Governors have now taken their own action to make this happen. Throughout this time it has been fully recognised that a 3-form (and now 4-form) entry secondary school is not viable. Since the increase of the pupil roll to 150 per year is the solution adopted it does not make sense in this circumstance to expect that it will take less than the 5 years to implement that for the deficit to be fully recovered. The Audit found good evidence of this strategic planning and indeed that after 4 years the deficit would be made good. Setting this as a Priority 1 when there such a clear plan in place does not reflect the school's position accurately.	Agreed.	Head Teacher / Governing Body	Ongoing
Internal Audit Comment			
The School's comments are acknowledged. Notwithstanding, the requirement to eliminate the budget deficit within 3 years is a requirement (included in the Scheme due to 'Statutory guidance of Schemes for financing local authority-maintained schools' section 6.9.) of the Croydon Scheme for Financing Schools and therefore must be a Priority 1 issue.			

Audit Area: Payroll and Staffing

Priority	Recommendation 3	Detailed Finding/Rationale		
2	<p>Obtain sight of and retain copies of applicants' original documents to evidence that they have the right to work in the UK.</p> <p>Annotate the copies retained with the date of the check and that 'the originals were seen'.</p>	<p>Expected Control</p> <p>The gov.uk details that employers must check that a job applicant is allowed to work in the UK before employing them. In this regard employers must:</p> <ol style="list-style-type: none"> 1. 'Ask to see the applicant's original documents. 2. Check that the documents are valid with the applicant present. 3. Make and keep copies of the documents and record the date you made the check'. <p>Issue/Finding</p> <p>Examination of the records provided for a sample of three new starters confirmed that, while right to work in the UK checks were evidenced in the School's Single Central Record, no evidence or copies of the documents seen were retained.</p> <p>Risk</p> <p>Where appropriate evidence of right to work in the UK is not retained in line with government guidelines, there is a risk that the School will incur a penalty (of up to £20,000) if someone is found to be working at the School without the right to work in the UK.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>We reject this point as all three actions were taken as required.</p> <ul style="list-style-type: none"> • The documents were seen. • They were confirmed as valid. • Copies were made and kept and the date recorded on the SCR. 		Disagreed	Head Teacher / Governing Body	n/a

What is at issue here is how long the copies should be retained. Nor is there an explanation of how this fits with other legislation about data holding.

The risk described would only occur if someone did not have the right to work in the UK, but this has already been ruled out by following the actions listed above.

Internal Audit Comment

The 'right to work' check is a government requirement (governed by sections 15 to 25 of the Immigration, Asylum and Nationality Act 2006) and includes the requirement to retain copies of the documents seen. This must be retained until 2 years after the individual has left the School's employment. The Data Protection Act 2018, Part 2, Chapter 2, provision 8 allows this as, '*The processing is necessary for you to comply with the law (not including contractual obligations).*'

Priority	Recommendation 4	Detailed Finding/Rationale		
2	<p>The School should keep to its normal recruitment practices even in exceptional situations.</p> <p>(i.e. The School should advertise all future vacancies. The School must ensure that staff are properly interviewed and evidence retained. The School should ensure that a member of the interview panel has been trained in safeguarding.)</p>	<p>Expected Control</p> <p>The ‘Staffing and employment advice for schools’ issued by the Department for Education details that staff posts should be advertised (unless the Governing Body as good reason not to do so). Where posts are not advertised, schools should ensure that recruitment procedures do not lead to indirect discrimination.</p> <p>The advice also details that the governing body in a maintained school must ensure when appointing a member of the school workforce (...) that at least one member of an appointment panel has undertaken appropriate training in how to take proper account of the need to safeguard and promote the welfare of children when recruiting staff.</p> <p>Issue/Finding</p> <p>Examination of the recruitment documentation for a sample of five recent staff appointments found that one of these was hired on the basis of a recommendation from a member of staff. For this new starter, no interview panel notes were provided. It was explained that instead the starter had filled in a short questionnaire. It was further explained that the hiring of this staff member was due to the role needing to be filled urgently and that the individual was on a zero-hour contract for the position of Premises Assistant.</p> <p>Risk</p> <p>Where the School does not go through the correct procedures to hire staff, there is a risk that something could be overlooked during the process, the individual may not be the most suitable for the role, or there could be accusations of the School discriminating in its hiring processes.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Agreed.		Agreed	Head Teacher	Ongoing

Priority	Recommendation 5	Detailed Finding/Rationale
2	<p>The School should continue to progress the renewal of the identified staff and governor DBS checks.</p> <p>The School should take measures to help ensure that future DBS renewal checks are completed in a timely manner.</p>	<p>Expected Control</p> <p>Disclosure and Barring Service (DBS) checks, a key safeguarding check, are only accurate on the day issued, becoming of date immediately thereafter. Except where the 'DBS Update Service' is in place, all DBS checks (for staff and governors) should be periodically renewed. The Council's policy is to renew all DBS checks every three years.</p> <p>While Covid-19 restrictions are in place the Disclosure and Barring Service has implemented temporary measures whereby documents may be checked remotely via video link.</p> <p>Issue/Finding</p> <p>Examination of the School's Single Central Record established that the DBS checks for two staff members and six of the Governors were last updated over three years ago, as follows:</p> <p>Staff:</p> <ul style="list-style-type: none"> • Bidmead, DBS checked 16th November 2017 • Bowers, DBS checked 29th November 2017 <p>Governors:</p> <ul style="list-style-type: none"> • Susan Sharpe, DBS checked 4th February 2016 • Simon Smith, DBS checked 13th March 2016 • Stephanie Williams, DBS checked 2nd July 2016 • Colin Webster, DBS checked 17th March 2016 • Will Harland, DBS checked 20th May 2015 • Christine Banton, DBS checked 21st March 2016

		<p>Further investigation of these with the School obtained assurance that for each of these staff the process to renew the DBS had already commenced but were taking longer due to COVID-19 restrictions. Where appropriate, the individuals were being chased.</p> <p>Risk</p> <p>Where DBS checks are not renewed in a timely manner, there is a risk that the School will not be aware of changes in circumstances which may result in children being placed at risk.</p>	
Management Response	Agreed/Disagreed	Responsible Officer	Deadline
The Audit correctly identified the time delays and the fact that the matter was in hand.	Agreed	Finance Manager	Immediately

Audit Area: Information Governance

Priority	Recommendation 6	Detailed Finding/Rationale		
2	The Business Continuity Plan should be reviewed annually by the Governing Body, and, where appropriate, updated.	<p>Expected Control</p> <p>A School Business Continuity Plan (SBCP) sets out the strategy and procedures to be followed should any situation arise which will have a significant impact to the School continuing its core operations, functions and services. For this SBCP to be effective it should be up to date and in this regard it should be regularly reviewed.</p> <p>Issue/Finding</p> <p>The copy of the School’s Business Continuity Plan noted that this was last reviewed in February 2016 and was next due to be reviewed in 2021.</p> <p>Risk</p> <p>There is a risk that the School will not be sufficiently prepared should a situation arise which will have a significant impact to the School continuing its core operations, functions and services.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The finding is correct. The Auditor did see a current version of the Business Continuity Plan, but it had not yet been reviewed by the Governing Body.		Agreed	Head Teacher/ Finance Manager	Immediately

Priority	Recommendation 7	Detailed Finding/Rationale		
2	The School should review the Information Asset Register (created from GDPRiS) to confirm that it includes all relevant information and use this to track the data that the School holds and ensure compliance of the DPA 2018.	<p>Expected Control</p> <p>The Data Protection Act (DPA) 2018, regulation 61 (1), details that, <i>‘Each controller must maintain a record of all categories of processing activities for which the controller is responsible.’</i></p> <p>These records must be in writing or electronic form and the controller must make the record available to the Information Commissioners Office (ICO) on request. An Information Asset Register will be one method of demonstrating compliance with this.</p> <p>Issue/Finding</p> <p>The School was not able to provide an Information Asset Register or other alternative document at the time of audit.</p> <p>Since the Internal Audit, it has come to light that the School did have an Information Asset Register that the previous SBDM had created in a programme called GDPRiS which had been purchased by the School in 2019.</p> <p>Risk</p> <p>Where an Information Asset Register or alternative document is not maintained by the School, the School is unable to demonstrate compliance with the DPA 2018.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Agreed.		Agreed.	Head Teacher	Ongoing

Audit Area: Health & Safety

Priority	Recommendation 8	Detailed Finding/Rationale		
2	The identified gaps in the checklist of the various responsibilities and duties under current health and safety legislation should be addressed as soon as possible.	<p>Expected Control</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 appropriate management of building-related risks.</p> <p>Issue/Finding</p> <p>A checklist of the various responsibilities and duties under current health and safety legislation (as these relate to the maintenance, statutory compliance and repair upkeep of school buildings) was reviewed as part of the audit. Whilst it was evidenced through completion of the checklist that the School has a good overall level of compliance, some gaps were noted including:</p> <ul style="list-style-type: none"> • Evacuation procedures were still to be added to hirer applications • Fire Marshalls were due for training in 2021; and • The lack of a Glazing Risk assessment. <p>Risk</p> <p>Where gaps in the checklist of the various responsibilities and duties under current health and safety legislation are not addressed, there 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.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
With regards to the evacuation for hirers – this is always verbally discussed with the people concerned and the evacuation notices shown to them. We will now add this information to the application forms. Again I am surprised that this		Agreed	Head Teacher	Immediately

section is a Priority 2 as the only thing that was missing or not actioned was the Glazing Assessment which took us by surprise as we have no big areas of glass.

--	--	--	--

4. Priority 3 Recommendations

Recommendation	Findings
<p>Information Governance</p> <p>1) The School should update its HR Practices and Procedures to include the consequences of any data breaches caused by staff.</p> <p><u>Management Response:</u> Was discussed and should be part of future documentation.</p>	<p>The School’s HR practices and procedures did not include the consequences of any data breaches.</p> <p>Where staff are not aware of the consequences of any data breaches, there is a risk that staff do not know the implications for causing one and may act with less caution.</p>
<p>Information Governance</p> <p>2) Laptop loan forms should be formally evidenced as authorised by an appropriate officer.</p> <p><u>Management Response:</u> Seems fair.</p>	<p>Testing of a sample of three laptop loan forms found that none of these had been evidenced as authorised by an appropriate officer, only the loanee.</p> <p>Where laptop loan forms are not formally authorised, there is a risk that they are being used by staff when they would otherwise not be allowed.</p>
<p>Procurement</p> <p>3) The School should ensure that all purchase orders are appropriately authorised in line with the School’s Finance Policy and Procedures prior to committing to purchases.</p> <p><u>Management Response:</u> There was no risk attached to invoice A this was an error by the company as this order was processed correctly but they issued the invoice before the PO got printed – this order was for year books and the final order depended on final pupil numbers.</p>	<p>The School’s Finance Policy and Procedures, section 8, details that, ‘<i>Official, pre-numbered orders from the FMS6 system must be used for all goods and services except rents, rates and petty cash payments. Where urgency requires an oral order these must be confirmed by a written order.</i>’</p> <p>Three of the purchase orders from the sample of 15 transactions tested were dated after the corresponding invoice dates, as follows:</p> <ul style="list-style-type: none"> • A, purchase order dated 9 September 2020, invoice dated 8 September 2020; • B, purchase order dated 9 October 2020, invoice dated 23 July 2020; and • C, purchase order dated 7 January 2021, invoice dated 31 December 2020.

Recommendation	Findings
<p>Barbara rang through with final numbers at 13.45 to check that it was still possible to process– invoice issued at 13.58</p> <p>Invoice C was not an order but a service that usually gets paid annually at a random time – last year it was in October 2019, We didn't get any notice this year as it was during the Christmas break.</p> <p>The other invoice was a school error.</p>	<p>Where purchase orders/internal requisition forms are not raised and authorised prior to purchases being made, there is a risk that the authorisation and commitment processes are by-passed which could result in inappropriate purchases and poor budgetary control.</p>

AUDIT TERMS OF REFERENCE

Archbishop Tenison's CE High School – 2020/21

1. INTRODUCTION & BACKGROUND

- 1.1 This audit was undertaken as part of the Internal Audit Plan for 2020/21, 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 The audit included the following areas (and number of recommendations made):





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

Audit Area	Recommendations Made		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Procurement	0	0	1
Bank Accounts	0	0	0
Information Governance	0	2	2
Health and Safety	0	1	0
Income	0	0	0
Totals	1	7	3

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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

Registered office: Tower Bridge House, St Katharine's Way, London E1W 1DD, United Kingdom.
Registered in England and Wales No 0C308299.