

Final Internal Audit Report

Elmwood Junior School

June 2022

Distribution: Head Teacher
Chair of Governors
School Business Manager
Director Education
Finance Manager
Corporate Director Resources and S151 Officer
Corporate Director of Children, Young People and Education
(Final only)

Assurance Level	Recommendations Made	
Substantial Assurance	Priority 1	0
	Priority 2	1
	Priority 3	2

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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1. Introduction

- 1.1 Elmwood Primary School is a Primary School and at the time of audit there were 466 (as verified by the School Business Manager) pupils attending. It had an expenditure budget of approximately £3,029,461 for 2021/22.
- 1.3 The fieldwork for this review was completed remotely in response to COVID-19. While our review and testing were performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.4 The audit was undertaken as part of the agreed Internal Audit Plan for 2021/22 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 2 Recommendation

The Headteacher's pay was not reviewed by 31 December 2020 as required. **(Recommendation 1)**.

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: Payroll

Priority	Recommendation 1	Detailed Finding/Rationale		
2	The Governing Body will endeavour to complete the Head Teacher’s annual pay review by 31 December.	<p>Expected Control</p> <p>The School’s Pay Policy details that ‘All teaching staff salaries, including those of the Head Teacher, Deputy Head Teacher(s) and Assistant Head Teachers(s) will be reviewed annually to take effect from 1 September. The Governing Body will endeavour to complete teachers’ annual pay reviews by 31 October and the Head Teacher’s annual pay review by 31 December.’</p> <p>Issue/Finding</p> <p>Examination of the copy of the Headteacher Performance Review statement provided for 2019/20 found that this appraisal was completed on 24 February 2021, which was after the 31 December 2020 deadline.</p> <p>Risk</p> <p>Where the Headteachers annual pay review is not completed by 31 December each year, there is a risk of the School being in breach of The Education (School Teachers’ Appraisal) (England) Regulations 2012.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The H.T appraisal was not reviewed when required due to Covid and the members of the panel were shielding and one of them did not have internet access so a TEAMS meeting was not possible.		Agreed	Chair of Governors	31 December 2022

4. Priority 3 Recommendations

Recommendation	Findings
<p>Payroll</p> <p>The School should ensure that all staff members listed on the monthly payroll reports are identifiable on the SIMS staff list.</p> <p>Management Response:</p> <p>This member of staff had been currently in an acting role and the date had finished during the Easter holidays and his contract date was meant to of reverted back, however due to a system error it did not. This was rectified on the first day back 25.04.22 and was a complete one off situation.</p>	<p>All individuals on the payroll report for April 2022 could be verified to the SIMS staff list, apart from one staff member (Payroll no. 700614) who was on the payroll report for April 2022 yet could not be identified on the SIMS staff list. The School Business Manager confirmed that this individual was the Assistant Headteacher for Curriculum Development.</p>
<p>Procurement</p> <p>The School should ensure that for all purchases a relevant purchase order form is completed and appropriately authorised before committing to the transaction.</p> <p>Management Response:</p> <p>Invoice 1 AP Pearson education is an annual subscription that we have been using for the last 10 years it had been budgeted for when budget setting had taken place, we had not confirmed the p/o on the FMS and didn't realise until the invoice was issued. We will do regular checks on unauthorised orders to ensure this doesn't happen again.</p> <p>Invoice 2 Turbostyle - this was a coach we had booked for a school trip which was verbally approved by the head teacher in September and at the time a</p>	<p>The School's Financial Policy and Procedures Manual (Page 10) details that <i>'official, pre-numbered orders from the FMS system must be used for all goods and services except utilities, rents, rates and petty cash payments. Where urgency requires, an oral order must be confirmed by a written order'</i>.</p> <p>Examination of the documentation relating to a sample of 15 purchases selected from the School's Bank Account History report (dated from 01/04/2021 to 31/03/2022) found that for two purchases, the purchase order was raised after the invoices had been received. The exceptions identified were as follows:</p> <ul style="list-style-type: none"> • AP Pearson Education – invoice raised on 16 September 2021, purchase order raised on 23 September 2021. • AP Turbostyle Coaches Ltd – invoice raised on 29 September 2021, purchase order raised on 5 October 2021. <p>Where purchase orders 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>

Recommendation	Findings
manual order wasn't raised. ~This is a rare occurrence and we will reiterate the correct procedures to the staff involved.	

AUDIT TERMS OF REFERENCE

Elmwood Junior School – 2021/22

1. INTRODUCTION & BACKGROUND

1.1 This audit was undertaken as part of the Internal Audit Plan for 2021/22, 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	0	0
Budgetary Control & Monitoring	0	0	0
Payroll	0	1	1
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	0	0
Health and Safety	0	0	0
Income	0	0	0
Totals	0	1	2

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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