

Final Internal Audit Report

St John's C of E School

July 2022

Distribution: Head Teacher
Chair of Governors
School Business Manager
Corporate Director of Education and Youth Engagement (Final only)
Director Education
Finance Manager
Corporate Director Resources

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

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 St John's C of E School is a voluntary aided Primary School and at the time of the audit there were 385 pupils on the School roll. The pupils at the School are a mix of gender and aged between 4 to 11. The School achieved an 'Outstanding' rating in their last Ofsted report in September 2021.
- 1.2 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.
- 1.3 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 Recommendations**

The Terms of Reference for the Policy and Finance Committee should be reviewed and amended to ensure information is consistent with the Finance Policy (Recommendation 1)

The School should ensure that Disclosure and Barring Service (DBS) checks for governors are requested within 21 days of their appointment if they do not hold an enhanced DBS. (Recommendation 2)

The priority 3 recommendation is 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

3. Actions and Key Findings/Rationale

Audit Area: Governance and Leadership

Priority	Recommendation 1	Detailed Finding/Rationale
2	The Terms of Reference for the Policy and Finance committee should be reviewed and amended to ensure information is consistent with the main Finance policy.	<p>Expected Control</p> <p>In order to avoid errors in authorisations, clear and consistent information should be provided for committee members. In this regard, it is good practice to ensure that there are no inconsistencies between documents detailing responsibilities.</p> <p>Issue/Finding</p> <p>Comparison of the Terms of Reference for the Policy and Finance Committee and the 'St John's C of E Voluntary Aided Primary School, Croydon Finance Policy and Procedure' document identified two discrepancies, namely that the value of expenditure authorisation levels and budget virement responsibilities were inconsistent.</p> <p>The figures in Finance Policy and Procedure document were as follows:</p> <ul style="list-style-type: none"> • Purchase limit for the Policy and Finance committee stated as: 'Can authorise Head Teacher for any amount under £30,000' • Virement limit for the Policy and Finance committee stated as: '£30,000' <p>The figures in the Policy and Finance Committee Terms of Reference were as follows:</p> <ul style="list-style-type: none"> • Expenditure limit for the Finance Committee: "To approve an individual item of non-routine expenditure above £2000 and below £10,000 (Expenditure above this limit could only be approved by the full Governing Body)" • Virements: "Virements in excess of £10,000 between different areas of the budget to be agreed by the full governing board" <p>Risk</p>

	Where information is inconsistent between key documents detailing responsibilities, there is a risk of errors occurring in authorisations of financial decisions, which could lead to loss.		
Management Response	Agreed/Disagreed	Responsible Officer	Deadline
This has already been reviewed at Policy & Finance on 10/06/2022 and update to TORs will be approved at FGB 13/07/2022	Agreed	School Business Manager	13/07/2022

Audit Area: Payroll

Priority	Recommendation 2	Detailed Finding/Rationale		
2	The School should ensure DBS checks for governors are requested within 21 days of their appointment if they do not hold an enhanced criminal record certificate and records should be held to evidence when the request was made.	<p>Expected Control</p> <p>The School Governance (Constitution and Federations) (England) (Amendment) Regulations 2016 details that, <i>'Where a governor is elected or appointed on or after 1st April 2016 and does not hold an enhanced criminal record certificate, the governing body must apply for such a certificate in respect of that governor within 21 days after his or her appointment or election.'</i></p> <p>Issue/Finding</p> <p>Examination of the School's Single Central Record and comparison of the Governors start dates established that the DBS checks for three governors were obtained a significant time following appointment which indicates that these were not requested within 21 days of their appointment, as follows</p> <ul style="list-style-type: none"> • A Governor, Term start date 7 December 2018, DBS check 12 November 2020 • A Governor, Term start date 28 September 2016, DBS check 4 October 2017 • A Governor, Term start date 13 July 2020 DBS check 18 October 2021 <p>The School explained that they were unaware of the Regulation that DBS checks for Governors needed to be requested within 21 days of appointment.</p> <p>Risk</p> <p>Where governor DBS checks are not requested in a timely manner, there is a risk that the school will not be aware of circumstances which may result in children being placed at risk.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The importance of this item will be feedback to the FGB, added to the Governors induction page and induction letter.		Agree	School Business Manager	13/07/2022

4. Priority 3 Recommendation

Recommendation	Findings
<p>1) Procurement</p> <p>The School should ensure that, in line with the requirements of the Financial Policies & Procedures Manual, orders should follow the procedure of entering the order onto the finance software before the order is submitted to the supplier.</p> <p><u>School's response</u></p> <p>All orders are approved prior to purchase and order forms signed. There was a delay in some orders being put onto FMS due to work levels and absence of SBM due to COVID. However, there has been a restructure of the office with a separate Finance/Head PA to alleviate this issue.</p>	<p>The Finance policy and procedure document states '<i>Written, pre-numbered orders are used for all goods and services. Orders are only made by telephone in exceptional circumstances but always after completion of the school specific order form and entry onto the school finance software.</i>'</p> <p>An examination of the records retained for 15 purchases found that there were six purchases where purchase orders (PO) were not entered into the finance system in advance of the corresponding invoices.</p>

AUDIT TERMS OF REFERENCE

St John's C of E 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	1	0
Budgetary Control & Monitoring	0	0	0
Payroll	0	1	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	0	0
Health and Safety	0	0	0
Income	0	0	0
Totals	0	2	1

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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