

Final Internal Audit Report

All Saints' Church of England Primary School

August 2023

Distribution: Head Teacher
Chair of Governors
School Office Manager
Corporate Director of Education and Youth Engagement Interim (Final only)
Director of Education
Interim Head of Finance
Director of Finance (Deputy S151 Officer)
Corporate Director Resources and S151 Officer (Final only)

Assurance Level	Recommendations Made	
Limited Assurance	Priority 1	1
	Priority 2	9
	Priority 3	9

Confidentiality and Disclosure Clause

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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 All Saints’ C of E School is a primary school (with approximately 365 students at the time of this audit) which works with students aged 3 to 11 years old. The approved expenditure budget for 2022/23 was £1,671,335.
- 1.2 While our review and testing were performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.3 This audit is being undertaken as part of the Internal Audit Plan for 2022/23, as agreed by London Borough of Croydon (the ‘Council’s’) Audit Committee. The objectives, approach and scope are contained in the Audit Terms of Reference in Appendix 1.

2. Key Issues

Priority 1 Recommendations

The School should confirm the tax status of individuals prior to making payments. This can be achieved through School completing the CREST Toolkit provided by HMRC. **(Recommendation 1)**

Priority 2 Recommendations

The School should ensure that funds used in relation to the purchase identified during testing are refunded to the School. The School should conduct a review of transactions conducted in the last year to ensure that all funds have been used for bona fide School expenditure, any transactions identified which have not been for the use of the School should be paid back. Going forward the School should ensure that funds are used for bona fide School expenditure. **(Recommendation 2)**

The School should ensure that the Terms of Reference for the Resource Committee is approved by the FGB at the next meeting. Subsequent reviews should then be completed annually, with approval formally documented in meeting minutes to evidence compliance. **(Recommendation 3)**

The School should ensure that the register of interest for Governors is uploaded to the School’s website for public review.

The School should ensure that Pecuniary and Personal Interest forms evidence a countersign. **(Recommendation 4)**

The School should review the current Scheme of Delegation and update it to ensure that committee delegations limits are lower than the FGB limits. **(Recommendation 5)**

The School should ensure that the Pay Policy is approved by the FGB at the next meeting. Subsequent reviews should then be completed annually, with approval formally documented in meeting minutes to evidence compliance. **(Recommendation 6)**

The School should ensure that the data used for benchmarking is up to date and makes adequate reference to the benchmarking of the senior leadership team.

The School should then ensure that the report is then issued to the Governing Body for review and discussion, with this formally documented within meeting minutes. **(Recommendation 7)**

The School should ensure that two written references should be obtained for candidates prior to their commencement of employment. The date the references were obtained and checked should be documented clearly. **(Recommendation 8)**

The School ensure that staff receive adequate safeguarding training when joining and during their time at the School. **(Recommendation 9)**

The School should ensure that members of staff who are no longer at the School are removed from the bank mandate, in a timely manner. **(Recommendation 10)**

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

3. Actions and Key Findings/Rationale

Audit Area: Procurement

Priority	Recommendation 1	Detailed Finding/Rationale		
1	The School should confirm the tax status of individuals prior to making payments. This can be achieved through School completing the CREST Toolkit provided by the Government.	<p>Expected Control:</p> <p>The guidance on the HMRC website details that, ‘A worker’s employment status, which is whether they are employed or self-employed, is not a matter of choice. Whether someone is employed or self-employed depends upon the terms and conditions of the relevant engagement’ and that, ‘Where someone is determined to be employed, PAYE and NI deductions must be made at source.’ An IR35 tool is included on the HMRC website, which can be used to determine an individual’s employment status. Guidance on the website further details that, ‘There must be a contract in place to see whether the engagement is classed as employment or self-employment. The tool assumes there will be one in place’ and that, ‘HMRC will stand by the result you get from this tool. Warning: This would not be the case if the information you have provided was checked and found to be inaccurate.’</p> <p>Finding:</p> <p>Testing of a sample of payments identified an instance where payment had been made to an individual engaged by the School, totalling £130.00, between August 2021 and July 2022. The School stated that they had completed an IR35 employment status check prior to payment being made, however were unable to provide evidence of this.</p> <p>Risk</p> <p>Where payments are made to individuals, who are deemed to be employees by HMRC, without NI and PAYE deductions being made, there is a risk that the School will be held liable for the PAYE and NI for these payments and may be fined.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The School will ensure all completed checks are saved.		Agreed	SBM	Immediately

Priority	Recommendation 2	Detailed Finding/Rationale		
2	<p>The School should ensure that funds used in relation to the purchase identified during testing is remedied.</p> <p>The School should conduct a review of transactions conducted in the last year to ensure that all funds have been used for bona fide School expenditure, any transactions identified which have not been for the use of the School should be paid back. Going forward the School should ensure that funds are used for bona fide School expenditure.</p>	<p>Expected control:</p> <p>The School Standards and Framework Act 1998 (section 50) requires that the budget delegated to schools should be spent ‘for any purposes of the school’, i.e. to provide education to its pupils.</p> <p>Finding:</p> <p>Testing of a sample of ten transactions between 1 September 2021 and 31 August 2022 identified one instance where a purchase was made in relation to food for a staff BBQ totalling £458, which was determined to not be for the use of the School.</p> <p>During discussions, the School have acknowledged that school funds should not have been used but explained that this was during the period where the School had come out of being in deficit following two restructures and they had used these funds for boost staff wellbeing after a difficult period. At the time the BBQ took place, the School were unaware that they could not use funds in this way and will not do this going forward.</p> <p>The relatively low value of the expenditure and the rationale provided by the School have been taken into account in assigning a priority to this issue.</p> <p>Risk:</p> <p>Where public funds are not being used for <i>bona fide</i> School expenditure, there is a risk that the School will be underfunded in other areas.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>The School will use other funds in future and find other ways to support staff wellbeing.</p> <p>Staff well being</p> <p>As a school community in the north of the borough, we have to prioritise staff wellbeing.</p>		Agreed	CoG/Headteacher	Immediately

Since 2017, the school has been through two restructures and the Covid pandemic, which has taken its toll on the wellbeing of many staff. Our cohort of children has changed significantly over the years and recently we have received a very large number of refugees and families seeking asylum. We need to build up staff resilience and maintain a strong team in order to provide the best care and education for our very vulnerable school community.

Our Governors are always asking what we are doing for staff wellbeing. As far as staff wellbeing goes, we do offer tea/coffee and a light supper at the end of the year to say thank you for all they do for our children. This has led to an indirect positive impact on the wellbeing of our pupils and families especially during these times of economic crisis. By valuing our staff in this small way, helps to support our pupils overall too.

Despite this, we are now coming out of a huge deficit after many years of stringency.

Going forward we will find another way to support staff wellbeing.

Audit Area: Governance

Priority	Recommendation 3	Detailed Finding/Rationale		
2	The School should ensure that the Terms of Reference for the Resource Committee is approved by the FGB at the next meeting. Subsequent reviews should then be completed annually, with approval formally documented in meeting minutes to evidence compliance.	<p>Expected Control:</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 22 also details that <i>'(1) the governing body must determine the constitution, membership and terms of reference of any committee they decide to establish and review them annually.'</i></p> <p>Finding:</p> <p>The School were unable to provide evidence of the full Governing Body (FGB) reviewing the Terms of Reference for the Resource Committee within the previous 12 months.</p> <p>The School Business Manager (SBM) stated that in some cases, the policies would have been approved by the FGB but this was not clearly documented in minutes due to a new clerk not including all details in the minutes.</p> <p>Risk:</p> <p>Where the Terms of References for committees are not approved on an annual basis by the FGB there is a risk that the committee takes actions which are outside of their delegated responsibility.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The new clerk & CoG will ensure minutes are correct.		Agreed	Octavo/CoG	Implemented

Priority	Recommendation 4	Detailed Finding/Rationale		
2	<p>The School should ensure that the register of interest for Governors is uploaded to the School’s website for public review.</p> <p>The School should ensure that Pecuniary and Personal Interest forms evidence a countersign.</p>	<p>Expected Control:</p> <p>In compliance with the School Standards and Framework Act 1998, and Q4 of the SFVS, declarations of pecuniary interests should be held for all members of the Governing Body.</p> <p>In addition, the Croydon Scheme for Financing Schools states for '2.9 Register of business interests:' that, <i>‘Governing bodies shall maintain a register which lists for each member of the governing body, the head teacher and budget holders, any business interests they or any member of their immediate family have; details of any other educational establishments that they govern and any relationships between school staff and members of the governing body. The register is to be kept up to date with changes being made as they occur and by means of an annual review of entries. The register must be available for inspection by governors, staff, parents and the LA and the register should be published, for example on a publicly accessible website’.</i></p> <p>Finding:</p> <p>A review of the School’s website identified that it did not include a Register of Pecuniary Interest. However, the website included the following clause, <i>‘In September 2019 all the individual Governors declared that they had no pecuniary interests in the school except for [an employee of Pearsons Limited], who produces educational resources, and like all Governors she would declare prior to any meeting if it was relevant’</i>, indicating that an update was last made in 2019.</p> <p>Additionally, Internal Audit found that Pecuniary and Personal Interest Forms were completed for Governors in the last 12 months.</p> <p>Risk</p> <p>Where the Register of Pecuniary Interests is not up to date and open to examination on the School’s website, there is a risk that conflicts of interest are not open to public oversight and scrutiny.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline

Completed	Agreed	Octavo/CoG	Implemented
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Priority	Recommendation 5	Detailed Finding/Rationale		
2	<p>The School should review the current scheme of financial delegation and amend it so that committee delegation limits are lower than the FGB limits.</p> <p>This should be evidenced in the relevant FGB meeting minutes.</p>	<p>Expected control:</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 18 details that, '(3) The governing body must review the exercise of functions they have delegated, annually.'</p> <p>Finding:</p> <p>A review of the School's Financial Procedures Manual, which includes the School's scheme of financial delegation, dated April 2022, found the School were unable to evidence the document being ratified within the previous 12 months by the FGB. In addition, Internal Audit highlighted that the purchase limits were as follows:</p> <ul style="list-style-type: none"> • Governing Body: £15,000 and above • Finance Committee: £25,000 • Headteacher (HT): up to allocated budget or £5,000, whichever is lower • Budget Holders: up to allocated budget or £5,000, whichever is lower • SBM: up to allocated budget or £5,000, whichever is lower <p>Based on the above, the Finance Committee held a higher authorisation limit than that allocated to the FGB.</p> <p>Risk:</p> <p>Where financial limits are not clearly laid out in guidance documentation, there is a risk that expenditure is not authorised at an appropriate level.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
This has been changed.		Agreed	HT/CoG/SBM	Implemented

Audit Area: Payroll

Priority	Recommendation 6	Detailed Finding/Rationale		
2	<p>The School should ensure that the Pay Policy is approved by the FGB at the next meeting.</p> <p>Subsequent reviews should then be completed annually, with approval formally documented in meeting minutes to evidence compliance.</p>	<p>Expected Control:</p> <p>The School teachers' Pay and Conditions Document 2022 and Guidance on School Teachers' Pay And Conditions details within Section 3 paragraph 2 that, '<i>both governing bodies and LAs where they are the relevant body...must have a pay policy and that this should be reviewed annually.</i>'</p> <p>Finding:</p> <p>The School were unable to provide evidence of the full Governing Body (FGB) approving the Pay Policy within the previous 12 months.</p> <p>As noted in the recommendation above the School Business Manager (SBM) stated that in some cases, the policies would have been approved by the FGB but this was not clearly documented in minutes due to a new clerk not including all details in the minutes.</p> <p>Risk:</p> <p>Where key policy and procedure documents are not approved by the FGB, there is a risk that changes, and amendments are not in line with overall expectations.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The new clerk & CoG will ensure minutes are correct.		Agreed	Octavo/CoG	Implemented

Priority	Recommendation 7	Detailed Finding/Rationale		
2	The School should conduct an annual benchmarking exercise, which is presented to Governors.	<p>Expected Control</p> <p>As per Q16 of the SFVS, the School should benchmark the size of its Senior Leadership Team annually against that of similar schools. The benchmarking exercise should be presented to governors.</p> <p>Finding:</p> <p>Internal Audit found that the benchmarking exercise completed by the School was not evidenced as being reviewed and approved by the FGB nor the Senior Leadership team within the previous 12 months.</p> <p>Risk:</p> <p>Where a benchmarking exercise is not completed with data and information that is up to date and relevant, there is a risk that the quality of the insights provided are not aligned with current needs of the School.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Senior leadership team consists of 2 people H.T & Deputy only. New clerk & CoG will ensure minutes are correct in future.		Agreed	H.T/SBM/CoG	Immediately

Priority	Recommendation 8	Detailed Finding/Rationale		
2	The School should ensure that two written references should be obtained for candidates prior to their commencement of employment. The date the references were obtained and checked should be documented clearly.	<p>Expected Control:</p> <p>The ‘Keeping Children Safe In Education 2022: Statutory Guidance For Schools And Colleges’ details that schools should obtain references before interview, where possible, as this allows any concerns raised to be explored further and taken up at interview.</p> <p>Finding:</p> <p>Testing of a sample of three new starters from 1 September 2021 and 31 August 2022 identified that for one employee, two references were obtained after their initial start date. Internal Audit were informed by the SBM that the School allows references to be received within six months of joining.</p> <p>Risk:</p> <p>Where two references are not obtained prior to employment, there is a risk that the School may hire unsuitable personnel.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The School will ensure all references are obtained prior to employment.		Agreed	H.T/SBM	Immediately

Audit Area: Safeguarding

Priority	Recommendation 9	Detailed Finding/Rationale		
2	The School ensure that staff receive adequate safeguarding training when joining and during their time at the School.	<p>Expected control:</p> <p>School safeguarding systems should be explained to staff as part of the staff induction process.</p> <p>Staff members should receive appropriate training, which is regularly updated, and which has been approved by Governors. This should be signed for training and should include Awareness training for whole staff (statutory), Training about preventing terrorism (statutory), and Training on specific issues which include Female Genital Mutilation and Child Sexual Exploitation.</p> <p>Finding:</p> <p>Internal Audit found that the School had policies and documents regarding safeguarding in place. However, we were unable to evidence the use of this within an induction pack/process.</p> <p>Risk:</p> <p>Where adequate safeguarding training and induction is not provided, there is a risk that staff members are not equipped to identify and resolve safeguarding concerns.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
All staff complete an induction checklist which includes safeguarding procedures. Separate document signed by the employee and not included in the staff handbook. Induction checklist is now included in the staff handbook.		Agreed	SBM	Implemented

Audit Area: Banking

Priority	Recommendation 10	Detailed Finding/Rationale		
2	The School should ensure that members of staff who are no longer at the School are removed from the bank mandate, in a timely manner.	<p>Expected control: All signatories included on the bank mandate should be current employees of the School.</p> <p>Finding: A review of the School's authorised signatories list identified 12 individuals who were not on the School's latest payroll report for September 2022. Of these 12, we confirmed that eight of these were no longer employed with the Council or the School. We were informed by the SBM that these individuals were old staff members who have left the School, and forms have been sent to remove these members.</p> <p>Risk: Where the authorised signatories list is not kept up to date, there is a risk that old staff members still maintain ability to authorise payments, potentially leading to instances of fraud.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The School are aware and have informed Croydon Council. The School will liaise with Croydon Council to remove individuals that are no longer employed by Croydon Council or the School.		Agreed	H.T/SBM	Immediately

4. Priority 3 Issues

Recommendation	Detailed Finding/Rationale
<p>1) The School should ensure that the Governor’s Induction Pack is reviewed annually and includes, but not limited to, the following:</p> <ul style="list-style-type: none"> • The Croydon Scheme for Financing Schools • The School’s Scheme of Delegation • Up to date training available for Governors. <p>School’s response</p> <p>Governor’s induction pack updated. CoG will ensure minutes include approval. Current induction/information for school governors includes all this information.</p>	<p>Expected Control:</p> <p>According to SFVS Q1, the governors should be made aware of their responsibilities and understanding of their own financial management roles, responsibilities and those of others.</p> <p>Finding:</p> <p>Internal Audit reviewed the induction information made available to the Governors. It was found that the induction document did not refer to the financial aspects of the role, (for instance not including the Croydon Scheme for Financing Schools or the School’s Scheme of Delegation.)</p> <p>Additionally, although the induction document referred to Governor’s training, this was dated 2016/2017.</p> <p>Risk:</p> <p>Where the School does not ensure financial responsibilities are shared during Governor induction, there is a risk that new Governors are under-informed regarding the matters pertaining to the School’s finances, resulting in lack of clarity when making decisions.</p>
<p>2) The School should ensure that the Whistleblowing Policy is reviewed and reapproved by the appropriate committee and minutes of approval are retained to evidence compliance.</p> <p>School’s response</p>	<p>Expected Control:</p> <p>Key Policies should be reviewed and approved by the Governing Body or a delegated committee on a regular basis.</p> <p>Finding:</p> <p>Internal Audit was advised that the Whistleblowing Policy was last approved by the Resource Committee in July 2022 but minutes of approval could not be provided to evidence approval.</p>

<p>CoG will ensure the minutes clearly document the approvals.</p>	<p>The School Business Manager (SBM) stated that in some cases, the policies would have been approved by the FGB or designated committee but this was not clearly documented in minutes due to a new clerk not including all details in the minutes.</p> <p>Risk:</p> <p>Where key policy and procedure documents are not approved by the FGB, there is a risk that changes, and amendments are not in line with overall expectations.</p>
<p>3) The School should ensure that payroll reports are reviewed by the HT on a monthly basis, with discrepancies or errors identified investigated in a timely manner. Reports should be formally signed by the HT to evidence compliance.</p> <p><u>School's response</u></p> <p>School is not operational in the holidays, this has not happened before HT was away, will ask the CoG to sign if this ever occurs again.</p>	<p>Expected Control:</p> <p>Payroll reports should be reviewed and signed by the HT before the payment run to help ensure that payments made are appropriate and accurate. Checks should ensure that only persons employed at the School are paid and that the amounts paid are correct.</p> <p>Finding:</p> <p>A review of May, June and July 2022 payroll reports identified that the payroll report for July 2022 was reviewed by the SBM on 26 July 2022. However, the HT reviewed the report on the 6 September 2022. This is over a month after the report was issued.</p> <p>Risk:</p> <p>Where the payroll reports are not reviewed by the HT, there is a risk that errors or inconsistencies may not be identified and actioned in a timely manner.</p>
<p>4) The School should ensure items on the reconciled item listing which are over 6 months old or are unusual in nature are investigated in a timely manner.</p>	<p>Expected control:</p> <p>The data held on SIMS/RM Finance should be reconciled to the bank statement on at least a monthly basis. An unreconciled item listing report from SIMS/ RM Finance should be retained and checked periodically to ensure that there are no unusual or long-standing unreconciled items listed.</p>

<p><u>School’s response</u></p> <p>The unreconciled items from February 2022 were allocated and cleared in November 2022.</p>	<p>Finding:</p> <p>During our review, Internal Audit found that the unreconciled item report included three transactions which were over six months old. We were informed by the SBM that these items were due to be cancelled in August 2022, when the School was closed. However, we obtained a copy of the unreconciled item list signed in November 2022 and noted that, while one transaction was annotated as credited, both items were still on the list.</p> <p>Risk:</p> <p>Where unreconciled items over six months old are not cleared, there is a risk that suppliers may not have received the relevant check and thus the School may still be liable to payments.</p>
<p>5) The School should ensure that an official purchase order is raised through the School’s Finance System prior to committing funds.</p> <p><u>School’s response</u></p> <p>We will ensure that all purchases have a valid PO put through our financial system.</p>	<p>Expected Control:</p> <p>The School’s Financial Procedures Manual states that, “<i>Official, pre-numbered orders from the [Financial Management] System must be used for all goods and services except utilities, rents and petty cash payments</i>” and that “<i>all orders must be signed by a member of staff approved by the Governing Body.</i>”</p> <p>Finding:</p> <p>Testing of a sample of ten transactions that the School completed between August 2021 and July 2022 identified that for one transaction, an official purchase order being raised through the Financial Management System could not be evidenced. However, we did obtain the paper order form.</p> <p>Risk</p> <p>Where official purchase orders are not raised and authorised through the Financial Management System, there is a risk that funds may not be recorded as committed on the system nor through budget monitoring exercises. This in turn could lead to a potential overcommitment of funds by the School, resulting in overspend.</p>
<p>6) The School should ensure that invoices are paid in a timely manner (within 30 days). Any queries or disputes preventing an invoice from</p>	<p>Expected Control:</p> <p>The Late Payment of Commercial Debts (Interest) Act 1998 details that interest may be levied on payments for goods or services not made in a timely manner (i.e. 30 days).</p> <p>Finding:</p>

<p>being paid in this time period should be clearly documented by the School.</p> <p><u>School's response</u></p> <p>This was during the school holidays and the School has a good relationship with suppliers hence no late charges.</p>	<p>Testing of a sample of ten transactions that the School completed between August 2021 and July 2022 identified that for three transactions, the payment was not made within 30 days of the invoice date. The SBM stated that for two of these invoices, this was due to the invoice being received during the School's summer holidays, and the Administration Officer being away due to sickness.</p> <p>Risk</p> <p>Where payments are not made within 30 days of the invoice date, there is a risk that the School may damage relationships with suppliers and late payment charges may be applied.</p>
<p>7) The School should ensure that there are documented procedures to monitor processes around information storage and obtaining consent for use.</p> <p><u>School's response</u></p> <p>Policy updated to include monitoring information storage.</p>	<p>Expected Control:</p> <p>The General Data Protection Regulation (GDPR) states that processing of personal data will only be lawful if one of six lawful criteria are met. One of these criteria states that processing is lawful if 'the data subject has given consent to the processing of his or her personal data for one or more specific purposes.'</p> <p>Finding:</p> <p>During discussions with the SBM, Internal Audit were informed that the use of consent is reviewed as part of their GDPR process, and their register includes how long each item should be stored for. The Asset Register was reviewed annually to check what information needs to be disposed of, and to check if there are any changes in the level of consent the School currently holds for any information. Additionally, we were informed that consent was reviewed every year and when pupils start at the School.</p> <p>However, a review of the School's Data Protection and Information Management Policy indicates that this did not document specific processes around consent storage, period review, expiry, and refresh.</p> <p>Risk:</p> <p>Where there are no documented policies or procedures around the storage, periodic review, expiry and refresh of consent, there is a risk of errors and inconsistencies arising in relation to data processing that could lead to potential reputational damage.</p>
<p>8) The School should ensure that equipment loan forms are updated where an extension to a loan has been</p>	<p>Expected Control:</p>

<p>agreed or where equipment has been returned.</p> <p>Authorisation requirements for loans should be documented within the Financial Procedure Manual.</p> <p><u>School's response</u></p> <p>The laptop was returned. Error in not signing return. M4 in the Financial Procedure Manual includes property taken off the premises.</p>	<p>As per Q22 of the Schools Financial Value Standard (SFVS), the School should ensure it maintains its premises and other assets to an adequate standard and make best use of capital monies for this purpose. There should be effective controls in place to ensure that the removal of all equipment from the School premises is monitored and logged. Teachers should sign Laptops for Teachers' Forms to verify that they are aware the terms and conditions of use and on returning the laptops these forms should evidence the receipt back into school of the machine.</p> <p>A review of the Financial Procedures Manual states the following '<i>Property taken off site: All assets removed from the school site are recorded in a register held by the office and signed back on their return.</i>'</p> <p>Finding:</p> <p>The SBM stated when a member of staff loans an item of equipment, they must complete a form which is authorised by the SBM and includes an agreed date of return.</p> <p>Testing of three loans the School have in place for equipment found that one loan for a laptop had been issued 13 January 2021 with a return date of 12 February 2021, however the form did not state whether it had been returned yet.</p> <p>It was additionally noted that authorisation requirements for loans are not documented within the Financial Procedure Manual.</p> <p>Risk:</p> <p>Equipment loans may be authorised by inappropriate individuals. Where dates that equipment was returned is not recorded on loan forms the School does not have assurance over whether equipment has actually been returned.</p>
<p>9) The School should ensure all lettings are authorised by the HT prior to a third party's use of School premises.</p> <p><u>School's response</u></p> <p>This letting started in 2018 and we were not aware the HT had to sign</p>	<p>Expected Control</p> <p>All lettings should be authorised by the HT within a framework determined by the Governing Body and should be recorded in a register or diary.</p> <p>Finding:</p> <p>During a sample test of three lettings, we found that two letting's application forms did not evidence a signature from the HT to evidence authorisation.</p> <p>Risk:</p>

agreements until 2019 audit since then all forms are signed. Informed not to sign retrospectively.

Where lettings are not authorised by the HT, there is a risk that the School may not have sufficient oversight over revenues of income.

AUDIT TERMS OF REFERENCE

All Saints' Church of England Primary School – 2022/23

1. INTRODUCTION & BACKGROUND

- 1.1 This audit was undertaken as part of the Internal Audit Plan for 2022/23, as agreed by the Council's Audit Committee.
- 1.2 With Covid-19 and the consequent restrictions in place, we are adopting a hybrid approach with this audit initially being conducted remotely.

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	3	2
Budgetary Control & Monitoring	0	0	0
Payroll	0	3	1
Safeguarding	0	1	0
Procurement	1	1	2
Banking	0	1	1
Information Governance	0	0	2
Health and Safety	0	0	0
Income	0	0	1
School Fund Accounting	0	0	0
Totals	1	9	9

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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