

# Final Internal Audit Report

## Crosfield and Selhurst Nursery and Children's Centre

October 2023

Distribution: Head Teacher  
Chair of Governors  
School Office Manager  
Corporate Director, Children, Families and Education Interim (Final only)  
Director of Education  
Head of Finance Education Interim  
Director of Finance (DeputyS151)  
Corporate Director of Resources and S151 (Final only)

Assurance Level	Recommendations Made	
Limited	Priority 1	7
	Priority 2	6
	Priority 3	5

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

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## Executive Summary

### 1. Introduction

- 1.1 Crosfield and Selhurst Nursery and Children's Centre (referred to as "Centre") operates under a shared service of London Borough of Croydon (the 'Council'). The Centre has an expenditure budget of approximately £645,080 for 2022/23.
- 1.2 The three-year budget plan for Crosfield and Selhurst predicts deficits for the periods of 2023/24 and 2024/25. The Centre Business Manager (CBM) confirmed that due to the Council's May 2022 'Financial Deep Dive', the 2022/23 Budget had not been approved by the Governing Board.
- 1.3 The fieldwork for this review was completed remotely. While our review and testing were performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.4 This audit is being undertaken as part of the Internal Audit Plan for 2022/23, as agreed by London Borough of Croydon's (the 'Council') 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 Centre should review the Financial Deep Dive Report set by the Council to develop an appropriate budget plan and strategy. This should be reviewed and approved by the Full Governing Body (FGB) and implemented prior to the financial year that it relates to. **(Issue 3)**

The Centre should review the current DBS register for Governors and ensure that a DBS check is in place for each. Where a check has been initiated, the Centre should ensure that this is followed up with the Disclosure and Barring Service and safeguards implemented until clearance has been received.

The School should ensure that all DBS checks are applied for within 21 days of appointment of a new Governor, with this documented to evidence compliance. **(Recommendation 6)**

Where costs relating to transactions can be identified in advance, an official Purchase Order should be raised by the Centre Business Manager (CBM) and authorised by the Head Teacher prior to placing the order with the supplier in accordance with the Scheme of Delegation. **(Issue 8)**

The School should ensure that a Goods/Services Received Check is completed by an officer separate to the approval of invoices. **(Issue 9)**

The School should ensure that all invoices are authorised prior to payment being made, in line with the Scheme of Delegation. **(Issue 10)**

The Centre should work with the Data Protection Officer (DPO) and Governors to develop a comprehensive strategy for information governance. This should include, but not be limited to, the reviewing and approving of the following:

- Retention Policy;
- Information Governance Policy; and
- Appropriate GDPR training for Governors and Staff members that will occur on a periodic basis.

The Centre should ensure that Governors are reminded of the need to review their LGF email accounts and decline to issue restricted information to personal accounts. **(Issue 12)**

The Centre should ensure that two written references are obtained for candidates prior to the commencement of employment. The date the references were obtained and checked should be documented clearly. **(Issue 13)**

### Priority 2 Recommendations

The Centre should review its Financial Procedures and ensure that these are in line with the Scheme of Delegation. This includes authorisation limits of staff members tasked with financial responsibilities. The Centre should ensure that the Financial Procedures are ratified by the FGB annually, with this formally documented within meeting minutes. **(Issue 1)**

The Centre should ensure that the School's Financial Value Standard (SFVS) has been completed, reviewed and approved by the FGB. This should be documented within meeting minutes and submitted to the Local Authority by the 31<sup>st</sup> March each year. **(Issue 2)**

The Centre should ensure that a monthly Budget Monitoring report is reviewed by the CBM and the Head Teacher at least monthly, with evidence of the review maintained. Evidence can be in the form of a signature or email confirmation. **(Issue 4)**

The Centre should ensure that the draft Pay Policy is formally reviewed and approved by the Governing Body at its next meeting. Subsequent review and approval of the policy should be completed annually, with this formally documented in meeting minutes. **(Issue 5)**

The Centre should ensure annual benchmarking reports are updated, reviewed and approved by the FGB. **(Issue 7)**

Contracts should be reviewed on a regular basis against comparative quotations to ensure that value for money is being maintained and should not be rolled over on a continuous basis. The review and approval of the contracts by the FGB should be clearly documented in the meeting minutes. **(Issue 11)**

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;
- Head Teacher's Assistant;
- IT Manager;
- Centre Business Manager, and
- Finance Manager.

**3. Actions and Key Findings/Rationale**

Priority	Recommendation 1	Detailed Finding/Rationale
2	<p><b>Scheme of Delegation</b></p> <p>The Centre should review the Scheme of Delegation and ensure that this is in line with the Centre’s current practices, including the authorisation limits of staff members tasked with financial responsibilities.</p> <p>The Centre should ensure that the Financial Procedures are ratified by the FGB annually, with this formally documented within the meeting minutes.</p>	<p><b>Expected Control</b></p> <p>The roles and responsibilities of the FGB, any committees, the Head Teacher and other members of staff in relation to financial decision making and authorisation should be set out in writing within the Scheme of Delegation. The School Governance (Roles, Procedures and Allowances) Regulations 2013 provide for the FGB to delegate functions but require that these are annually reviewed by the FGB.</p> <p><b>Finding</b></p> <p>The Centre’s Scheme of Delegation is incorporated within the School’s Financial Procedures Manual 2020. While this manual was approved by the Chair of the Governing Board on 31<sup>st</sup> January 2020, the Centre was unable to evidence review and approval by the FGB.</p> <p>The Executive Headteacher was incorrectly reported as Deputy Headteacher from 09/01/2022 within the Scheme of Delegation.</p> <p>The Centre’s Finance Officer works part-time (two days per week); however, the Scheme of Delegation does not outline any other staff members who can share the responsibility during rest of the week.</p> <p><b>Risk</b></p> <p>Where the Scheme of Delegation is not formally approved, there is a risk that the financial limits defined are not align to the expectations of the FGB.</p> <p>Where the Scheme of Delegation does not align with the Centre’s actual processes, there is a risk that staff members will be unaware of correct working practices that could lead to inconsistencies.</p>

Management Response	Agreed/Disagreed	Responsible Officer	Deadline
<p>The Finance policy has been reviewed by the Finance Governor and includes an updated Scheme of Delegation. This will go before the Governing Board for approval at the next Full Governing Board meeting on the 19<sup>th</sup> October 2023.</p>	<p>Agreed</p>	<p>Acting Executive Headteacher</p>	<p>19<sup>th</sup> October 2023</p>

Priority	Recommendation 2	Detailed Finding/Rationale		
2	<p><b>SFVS Submission</b></p> <p>The Centre should ensure that the SFVS has been completed, reviewed and approved by the FGB with this documented within meeting minutes to evidence compliance.</p> <p>The Centre should ensure that the SFVS is approved by the FGB and submitted to the Local Authority by the 31<sup>st</sup> March each year.</p>	<p><b>Expected Control</b></p> <p>The School's Financial Value Standard (SFVS) consists of 29 questions which FGBs should formally discuss annually with the Head Teacher and senior staff. The school must send a copy of the signed standard to their local authority's finance department. This is a standard mandatory requirement for Local Authority maintained schools.</p> <p><b>Finding</b></p> <p>A review of the FGB meeting minutes found that the SFVS was not discussed and formally approved. The Headteacher and Business Manager confirmed that the 2021/22 SFVS had not been submitted to the Council by the 31<sup>st</sup> March deadline and was not uploaded to the Centre's SharePoint. It was explained that this was because the Centre was not in a position to complete the SFVS and therefore this remained an open item which needed to be completed.</p> <p><b>Risk</b></p> <p>Where the Centre does not submit the SFVS returns by the submission date, there is a risk that the Council does not have assurance over the Centre's financial management processes.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>This procedure was followed for 2022-23, approved by the FGB at their meeting on the 23<sup>rd</sup> February 2023, minuted, and submitted on time. An action plan has also been created to address the partial and non-completed</p>		Agreed	Acting Executive Headteacher	Complete



items. Some items cannot be closed out until the LA decision is reached on the future of the Maintained Nursery Schools. The updated action plan will be discussed at the FGB meeting on the 19<sup>th</sup> October 2023.

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Priority	Recommendation 3	Detailed Finding/Rationale
1	<p><b>Approved Budget</b></p> <p>The Centre should review the Financial Deep Dive Report set by the Council in developing an appropriate budget plan and strategy.</p> <p>The Centre should then ensure that an appropriate budget is formulated, reviewed and approved by the FGB and implemented prior to the financial year that it relates to.</p> <p>As per Croydon's Scheme for Financing Schools, the Centre should ensure that Licensed Deficit action plan is submitted to and authorised by the LA, ensuring that the Centre will be back into surplus within three years.</p>	<p><b>Expected Control</b></p> <p>A framework should be in place to ensure that an appropriate budget is prepared and approved prior to commencement of the financial year. In line with the requirements of the Croydon Scheme for Financing School's, this budget should be reviewed and approved by the FGB.</p> <p>The Croydon Scheme for Financing Schools, 4.9 Licensed Deficits, details that, 'In certain circumstances, a school may plan for a deficit budget, with the agreement of the LA only if there:</p> <ul style="list-style-type: none"> <li>- is a significant unforeseen decrease in pupil numbers</li> <li>- is a significant over-projection in pupil numbers.</li> <li>- are extreme circumstances that could not be foreseen or catered for by the school.</li> </ul> <p>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.'</p> <p>In addition, as per the School's Financial Policies and Procedures, virements to the agreed budget between £0 - £3,000 should be approved by the HT and virements above £3,000 by the Governing Body.</p> <p><b>Finding</b></p> <p>We confirmed through discussions with the Centre and a review of the draft 2022/23 Budget Plan that a deficit was predicted. The CBM informed Internal Audit that neither of the two Schools/Centre had submitted a deficit recovery license to the Council. Internal Audit was additionally informed that a plan was not in place to tackle the deficit. The Centre was in the process of setting up a</p>

		<p>working group for the analysis of a Financial Deep Dive to ensure the Nursery enters a sustainable financial position moving forward.</p> <p><b>Risk</b></p> <p>Where the approved budget is not reviewed, scrutinised and formally approved by the Governing Body in line with the financial procedures, there is a risk that those tasked with governing the School do not have sufficient oversight of the financial environment of the School.</p> <p>Where a forecasted deficit has been identified, with no corresponding deficit plan created to mitigate this, there is a risk that the Centre may not hold sufficient funds to continue to operate as intended by the Council.</p>	
Management Response	Agreed/Disagreed	Responsible Officer	Deadline
<p>The working group was established in January 2023, and following analysis of the Deep Dive, and in response to recommendations set out in this document, an options paper setting out opportunities to improve the financial stability of the school was submitted to the LA for consideration.</p> <p>An additional independent financial review has since taken place which was submitted to the LA on 15/05/23. We expect this report to further confirm that the Federation cannot reach an in-year balanced budget within the 3-year time-period. We are therefore waiting for further discussions with the LA to inform next steps</p> <p>The expected control has been put in place for 2023-24 and a deficit plan has been submitted</p>	<p>Agreed</p>	<p>Acting Executive Headteacher</p>	<p>Complete</p>

to the LA. This was submitted to the LA on the 2nd May 2023.

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Priority	Recommendation 4	Detailed Finding/Rationale		
2	<p><b>Budget Monitoring Reports</b></p> <p>The Centre should ensure that a monthly Budget Monitoring report is reviewed by the CBM and the HT at least monthly, with evidence of the review maintained. Evidence can be in the form of a signature or email confirmation.</p>	<p><b>Expected Control</b></p> <p>The Centre should have budget monitoring procedures in place. This includes preparation of monthly budget monitoring reports from the school's financial system and clear roles and responsibilities within budget monitoring, planning and reporting. This includes scheme of delegation and authorisation procedures.</p> <p><b>Finding</b></p> <p>It was confirmed that the Budget Monitoring reports were not reviewed or approved by the HT since 1<sup>st</sup> September 2022. The HT stated during the Internal Audit completed in November 2022 that this is set to change, with the HT planning to adopt this control in January 2023.</p> <p><b>Risk</b></p> <p>Where the Centre cannot demonstrate that monthly budget monitoring reports are reviewed by the Headteacher, there is a risk that the budget is not adequately monitored and that variances are not identified and addressed in a timely manner.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>An interim procedure has now been established with the Finance Administrator and Executive Headteacher (in the absence of a SBM) and most recently discussed with the EHT on the 18th May 2023 who has signed the report. Moving forward, this will happen on a monthly basis.</p>		Agreed	Acting Executive Headteacher	Completed

Priority	Recommendation 5	Detailed Finding/Rationale		
2	<p><b>Pay Policy</b></p> <p>The Centre should ensure that the draft Pay Policy is formally reviewed and approved by the Governing Body at its next meeting. Subsequent review and approval of the policy should be completed annually, with this formally documented in meeting minutes to evidence compliance.</p>	<p><b>Expected Control</b></p> <p>The School teacher's pay and conditions document 2022 states that, "<i>Pay and appraisal policies should be reviewed annually and kept up to date to take account of any uplift to the national framework...</i>".</p> <p><b>Finding</b></p> <p>Internal Audit reviewed the draft Pay Policy dated June 2022 which was yet to be approved by the FGB. The previous Pay Policy was ratified in June 2013.</p> <p><b>Risk</b></p> <p>Where the Pay Policy is not updated and reviewed annually, there is a risk that the Centre will be non-compliant with guidance set by the Department of Education. This could potentially lead to members of staff not being paid in line with the national framework.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
An updated Pay Policy is in the final stages of review and will be presented to the Governing Board at the next meeting in the 19 October 2023		Agreed	Acting Executive Headteacher	19 <sup>th</sup> October 2023

Priority	Recommendation 6	Detailed Finding/Rationale
1	<p><b>DBS</b></p> <p>The Centre should review the current DBS register for Governors and ensure that a DBS check is in place for each. Where a check has been initiated, the Centre should ensure that this is followed up with the Disclosure and Barring Service and safeguards implemented until clearance has been received.</p> <p>The School should ensure that all DBS checks are applied for within 21 days of appointment of a new Governor, with this documented to evidence compliance. To facilitate this, the School should update the Single Central Register to include a column detailing the date of appointment and date of application, in order to demonstrate compliance with the School Governance Regulations 2016.</p> <p>The Centre should ensure that DBS checks are completed prior to a new member of staff's employment start date. Where a DBS check is delayed, the School should ensure</p>	<p><b>Expected Control</b></p> <p>Under the School Governance Regulations 2016, where a governor has been elected or appointed before 1 April 2016 and does not hold an enhanced criminal record certificate, the governing body must obtain an enhanced DBS check. Where a governor is elected or appointed after 1 April 2016 and does not hold an enhanced criminal record certificate, the governing body must apply for a DBS check within 21 days of his or her appointment.</p> <p>The Keeping children safe in education 2022 legislation states that all schools and colleges must “obtain (via the applicant) an enhanced DBS check (including children’s barred list information, for those who will be engaging in regulated activity with children)”.</p> <p><b>Finding</b></p> <p>A review of DBS checks for six governors at the Centre identified that for one Governor, appointed on 13 of October 2022, the DBS check was initiated on 9 November 2022. This was not within the required 21 days.</p> <p>Additionally, testing of seven new starters to the Centre for 2022/23 confirmed that in four cases, a DBS check could not be evidenced.</p> <p><b>Risk</b></p> <p>Where DBS clearance has not been obtained prior to commencement of employment, this can result in a risk to the safeguarding of children.</p> <p>Where the Centre does not apply for DBS checks within 21 days of a Governors appointment, there is a breach of the School Governance Regulations 2016.</p>

	<p>that adequate controls are implemented to mitigate the risk to children.</p>			
Management Response	Agreed/Disagreed	Responsible Officer	Deadline	
<p>Having reviewed our DBS processes on the 15<sup>th</sup> May 2023, we found that the procedure is normally being followed and the Single Central Register is routinely reviewed by the EHT. We do however accept that on this occasion, the 21-day deadline was not met. The EHT has met with staff to ensure that timeframes are followed and will regularly update Governors via the EHT report.</p>	<p>Agreed</p>	<p>Acting Executive Headteacher</p>	<p>31 December 2023</p>	



Priority	Recommendation 7	Detailed Finding/Rationale		
2	<p><b>Benching Marking Report</b></p> <p>The Centre should ensure annual benchmarking reports are updated, reviewed and approved by the FGB.</p>	<p><b>Expected Control</b></p> <p>In line with Q16 of the SFVS, the Centre should benchmark the size of its senior leadership team annually against that of similar schools. The outcome of the exercise should then be presented to the Governing Body for oversight.</p> <p><b>Finding</b></p> <p>Through discussion with the Centre, evidence of a benchmarking reporting being in place was requested. The Centre confirmed that a benchmarking report was not in place at the time of the audit.</p> <p><b>Risk</b></p> <p>Where the Centre does not undertake a benchmarking exercise, there is a risk that that the organisation is unaware of potential outliers in their financial environment compared to similar Schools and may potentially miss opportunities to reduce expenditure where they are overspending.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>The Centre acknowledges that benchmarking was not being carried out routinely. The new Finance Governor has carried out 21/22 benchmarking, which was presented to the Governing Board at their meeting on 13/12/22. The benchmarking for 22/23 is currently being reviewed and will be presented to the FGB in October 2023. Benchmarking reviews are planned as an annual activity.</p>		Agreed	Acting Executive Headteacher	Complete

Priority	Recommendation 8	Detailed Finding/Rationale		
1	<p><b>Purchase Order</b></p> <p>Where costs relating to transactions can be identified in advance, an Official Purchase Order should be raised by the School Business Manager and authorised by the Headteacher prior to placing the order with the supplier in accordance with the Scheme of Delegation.</p>	<p><b>Expected Control</b></p> <p>According to explanatory notes to Q17 of SFVS, Schools should have procedures for purchasing goods and services that meet legal requirements and secure value for money. The Centre's Financial Policies and Procedures Manual states that "Official, pre-numbered orders from the FMS6 system must be used for all goods and services..." All orders should be appropriately authorised by a certifying officer and a signed copy of the official order should be retained on file.</p> <p><b>Finding</b></p> <p>Testing of a sample of 15 transactions between 1 April 2022 and 22 September 2022 identified that for 11 transactions, an approved Purchase Order was not raised through the Financial Management System and approved prior to the relevant invoice being received (220687, 305382, 165, 2020011964, 1753a, 2622, 121585, 122518RI, SelhCC05, WINF0000663).</p> <p><b>Risk</b></p> <p>Where POs are not raised and authorised prior to commitment of funds, there is a risk that the authorisation and commitment processes are bypassed which could result in inappropriate purchases and poor budgetary control.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The Centre accepts that Financial procedures were not followed during the period of the audit due to staff vacancies (including the position of an SBM). The Finance Governor has agreed to carry out more sample		Agreed	Acting Executive Headteacher	September 2023

testing to monitor the situation and the SBM post has now been advertised with a view to creating more resilience within the Finance function to mitigate the risk of this happening again.

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Priority	Recommendation 9	Detailed Finding/Rationale		
1	<p><b>Goods Received Check</b></p> <p>The School should ensure that a goods/services received check is completed by an officer separate to the approval of invoices.</p>	<p><b>Expected Control</b></p> <p>The School's Financial Policies and Procedures Manual states that <i>"The Clerical Administrators... must check that goods and services on receipt match the order which should be annotated accordingly. This should not be undertaken by the person who signed the order."</i></p> <p><b>Finding</b></p> <p>Testing of a sample of 15 transactions between 1 April 2022 and 22 September 2022 identified that for 11 transactions, the Centre was unable to evidence a completed Goods Received Check (220687, 165, 2020011964, 2622, 1035330, 121585, 122518 RI, SELHCC05, WINF000063, INV004303).</p> <p><b>Risk</b></p> <p>Where goods/services received checks are not undertaken, there is a risk that payments are made for goods or services that have not been received.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
As above, the Centre accepts that Financial procedures were not followed during the period of the audit due to staff vacancies including the SBM. The Finance Governor has agreed to carry out more sample testing to monitor the situation and the SBM post has now been advertised with a view to creating more resilience within the Finance function to mitigate the risk of this happening again.		Agreed	Acting Executive Headteacher	September 2023

Priority	Recommendation 10	Detailed Finding/Rationale		
1	<p><b>Payments Approvals</b></p> <p>The School should ensure that all invoices are authorised prior to payment being made, in line with the Scheme of Delegation.</p>	<p><b>Expected Control</b></p> <p>The School's Financial Policies and Procedures Manual states that "a member of staff, who did not sign the order or check receipt of goods, approved by the Governing Board should certify invoices for payment."</p> <p><b>Finding</b></p> <p>Testing of a sample of 15 transactions between 1 April 2022 and 22 September 2022 identified that for two transactions, invoices had not been appropriately authorised in line with the Scheme of Delegation. (2622 - £1,542.56, SELHCC05 - £7,991.38).</p> <p><b>Risk</b></p> <p>Where invoices are not authorised prior to payment, there is a risk that inappropriate expenditure may be incurred, and accountability is reduced.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>The Centre have now purchased a stamp which clearly outlines where various signatures are required for authorisation including that of invoices to mitigate the risk of this happening again. The financial scheme of delegation is also currently being updated and will be shared with Governors for approval at the FGB meeting on the 19<sup>th</sup> October 2023 which will give further clarity on who is authorised to approve invoices.</p>		Agreed	Acting Executive Headteacher	31 July 2023

Priority	Recommendation 11	Detailed Finding/Rationale		
2	<p><b>Quotes and Tenders for Contracts</b></p> <p>Contracts should be reviewed on a regular basis against comparative quotations to ensure that value for money is being maintained and should not be rolled over on a continuous basis.</p> <p>The cost of contracts should take account of the whole life of the engagement.</p> <p>Contracts should be reviewed and approved by the FGB in line with the Scheme of Delegation; this should be clearly documented in meeting minutes.</p>	<p><b>Expected Control</b></p> <p>The Centre should always consider price, quality and fitness for purpose when purchasing goods and services. As per the SFVS the FGB should be given an opportunity to challenge the Centre's plans for replacing the contracts on goods and services that are about to expire shortly.</p> <p><b>Finding</b></p> <p>The Finance Administrator confirmed that they have been utilising existing suppliers for a number of years as they did not have the capacity to retender and there was no evidence that competitive quotations had been sought within the previous 12 months.</p> <p>Furthermore, evidence of contracts being reviewed prior to January 2022 could not be provided as these were stored on the previous CBM's email account which was not accessible.</p> <p><b>Risk</b></p> <p>Where long standing contracts are not periodically reviewed with comparative quotations sought, there is a risk that value for money may not be achieved from existing suppliers.</p> <p>Where contracts/SLAs are not reviewed by the FGB and approved prior to funds being committed, there is a risk that the Centre undertakes services which may not be the best use of the Centre's funds.</p>		
<b>Management Response</b>		<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>	<b>Deadline</b>

<p>The Centre acknowledges that not all services were competitively tendered due to capacity issues. Where opportunities arise the EHT is reviewing contracts on a case by case basis and many contracts have already been combined to benefit from economies of scale across the Federation. As soon as we recruit a SBM we will have the capacity to retender more contracts for goods and services that are due to expire. We also store all our contracts in OneDrive which can be accessed easily.</p>	<p>Agreed</p>	<p>Acting Executive Headteacher</p>	<p>September 2023</p>
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Priority	Recommendation 12	Detailed Finding/Rationale
1	<p><b>Information Governance</b></p> <p>The Centre should work with the DPO and Governors to develop a comprehensive strategy for Information Governance. This should include, but not be limited to, the reviewing and approving of the following:</p> <ul style="list-style-type: none"> <li>• DPA and UK GDPR Project Plan;</li> <li>• Retention Policy;</li> <li>• Information Governance Policy; and</li> <li>• Appropriate DPA and UK GDPR training for Governors and Staff members that will occur on a periodic basis.</li> </ul> <p>The Centre should ensure that Governors are reminded of the need to review their LGF email accounts and decline to issue restricted information to personal accounts.</p>	<p><b>Expected Control</b></p> <p>To comply with the Data Protection Act (DPA) 2018 and the UK General Data Regulations (UK GDPR), and help ensure the protection of personal data, the Centre should ensure staff are aware of the importance of data protection and the consequences of not maintaining records of data breaches.</p> <p>Guidance should be provided to staff on the DPA 2018 and UK GDPR requirements. This should state that the use of personal emails accounts is not allowed as they may not be secure.</p> <p><b>Finding</b></p> <p>Although the Centre had access to the London Borough of Croydon's Information Sharing Agreement dated 2021, an Information Governance policy was not in place. As a result, the Designated Protection Officer's (DPO) main tasks, roles and responsibilities had not been clearly documented.</p> <p>Additionally, the Finance Administrator stated that the Governors did not regularly check their LGF (London Grid For Learning) email accounts. The Governors send restricted information through the use of their personal email accounts, rather than the regulated and restricted access school and FGB accounts.</p> <p>The Centre did not have in place measures for Governors and staff members to complete relevant UK GDPR training.</p> <p><b>Risk</b></p> <p>Where the Centre does not have in place an updated and ratified Information Governance Procedures document, there is a risk that staff members may be unaware of potential cases of DPA and UK GDPR breaches and controls in place to mitigate this risk.</p>



	The Centre should not be sending restricted information relating to the Centre to an individual personal account. This could result in data breaches and breaches GDPR regulation.		
Management Response	Agreed/Disagreed	Responsible Officer	Deadline
The Centre acknowledges this recommendation and the Governing Board appointed a Link Governor for Information Governance / GDPR at its last meeting on 13/02/2023 who will work with the Centre DPO to strengthen this area.	Agreed	Acting Executive Headteacher	September 2023

Priority	Recommendation 13	Detailed Finding/Rationale		
1	<p><b>New Starters</b></p> <p>The Centre should ensure that two written references are obtained for candidates prior to the commencement of employment. The date the references were obtained and checked should be documented clearly.</p>	<p><b>Expected Control</b></p> <p>The 'Keeping Children Safe in Education 2022', published by the Department for Education, details that 'The purpose of seeking references is to allow employers to obtain factual information to support appointment decisions. Schools and colleges should obtain references before interview, this allows any concerns raised to be explored further with the referee and taken up with the candidate at interview.</p> <p><b>Finding</b></p> <p>The Centre had seven new starters during 2022/23. The documentation retained for all seven of these new starters was requested, but for three cases, no evidence of references was made available for testing.</p> <p><b>Risk</b></p> <p>Where evidence of references are not maintained, there is a risk that the Centre may hire unsuitable personnel.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The Executive Headteacher is now overseeing this control to ensure that all references are received prior to interviewing		Agreed	Acting Executive Headteacher	Complete

#### 4. Priority 3 issues

Priority 3 Recommendations	Detailed Finding/Rationale
<p><b>1. Governance and Leadership</b></p> <p>The Governors Induction Training Manual should be amended to include their responsibilities to financial management.</p> <p>A review of Governors' skills should be undertaken on a periodic basis to identify any potential skills gaps or imbalances in the composition of the FGB. If appropriate, an action plan should be put in place to address any gaps.</p> <p><b><u>Centre's Response</u></b></p> <p>The Induction Training Manual will be reviewed to include more details covering responsibilities for financial management.</p> <p>The last skills audit was undertaken and reported to the FGB on 13<sup>th</sup> December 2022. Included was a checklist of areas for governor further training.</p> <p><b>Responsible Officer:</b> Acting Executive Headteacher</p>	<p><b>Expected Control</b></p> <p>The Governors should be made aware of their responsibilities and understanding related to financial management. A suitable induction process should be in place to provide support and guidance to all Governing Board Members.</p> <p><b>Finding</b></p> <p>Examination of the Governors' Induction Training Manual found that the induction checklist was last reviewed in August 2020. It was also found that the Manual's financial aspects did not include the Croydon Scheme for Financing Schools, the Schools Delegation of authorisation levels, information of the current years approved budget or the Governance handbook.</p> <p>Furthermore, an annual skills audit for the FGB was completed in August 2022. The audit highlighted that the area of Accountability and Specialist Knowledge scored the lowest of the four areas, scoring ratings of 'red' within each of the four sub-groups. The consolidated skills matrix assessed the overall 'Boards Experience' to be 'amber'.</p> <p><b>Risk</b></p> <p>Where Governors are under-informed regarding matters pertaining to the School's finances, there is a risk that those responsible for the oversight of the School may not be adequately equipped to perform their role accordingly.</p>

Priority 3 Recommendations	Detailed Finding/Rationale
<p><b>Deadline:</b> October 2023</p>	
<p><b>2. Governance and Leadership</b></p> <p>The Centre should ensure that the latest internal audit report is submitted to the FGB for review, discussion and approval. This should be documented within meeting minutes to evidence compliance.</p> <p><b><u>Centre's Response</u></b></p> <p>This most recent audit report will be submitted to the Governing Board and discussions will be held at the meeting on 19<sup>th</sup> October 2023.</p> <p><b>Responsible Officer:</b></p> <p>Acting Executive Headteacher</p> <p><b>Deadline:</b></p> <p>End of October 2023</p>	<p><b>Expected Control</b></p> <p>The SFVS requires the FGB to ensure there are no outstanding matters from audit reports or from previous consideration of weakness.</p> <p><b>Finding</b></p> <p>Internal Audit received verbal CBM confirmation that the last internal audit report received by the Centre was in June 2020. The report was submitted to the FGB in June 2020; however, the Centre was unable to evidence the report being discussed by the FGB.</p> <p><b>Risk</b></p> <p>Where the latest internal audit report is not discussed by the FGB, this can lead to a lack of oversight of any recommendations made and necessary actions required by the Centre.</p>
<p><b>3. Payroll</b></p> <p>The Centre should ensure all Leaver's notices are acknowledged and issued to the payroll provider,</p>	<p><b>Expected Control</b></p> <p>The School should ensure that staff terminations or resignations are acknowledged by the Headteacher prior to notification being issued to the payroll provider.</p>

Priority 3 Recommendations	Detailed Finding/Rationale
<p>with this documented to evidence compliance.</p> <p><b>Centre's Response</b></p> <p>This recommendation is accepted. A procedure will be adopted by the EHT.</p> <p><b>Responsible Officer:</b></p> <p>Acting Executive Headteacher</p> <p><b>Deadline:</b></p> <p>September 2023</p>	<p><b>Finding</b></p> <p>There were six leavers during 2022/23 and Internal Audit tested all of these. In all six cases, there was no evidence of the HT acknowledging the resignations.</p> <p><b>Risk</b></p> <p>Where written acknowledgment of resignation from the HT is not present, there is a risk of potential disputes relating to the staff member's last working day</p>
<p><b>4. Information Governance</b></p> <p>The Centre should ensure that a comprehensive annual check, review and approval of the Information Asset Register by an independent member of staff and signed and dated.</p> <p>The Centre should ensure that the IAR is updated to include the following items;</p> <ul style="list-style-type: none"> <li>• The Information Asset Owner; and</li> <li>• Details of staff, personal and financial access to data.</li> </ul>	<p><b>Expected Control</b></p> <p>An Information Asset Register (IAR) has been created/updated. This details key types of data / information within the school, what it is used for, where it's stored, who it is shared with (if it is), how long it is kept it for and how it is protected. This should include:</p> <ol style="list-style-type: none"> <li>a. Paper files</li> <li>b. Emails</li> <li>c. Registers</li> <li>d. Club lists</li> <li>e. Trip records</li> <li>f. Sickness records</li> <li>g. Staff and governor details</li> <li>h. Salaries</li> <li>i. Third party data held or shared</li> </ol> <p><b>Finding</b></p>

Priority 3 Recommendations	Detailed Finding/Rationale
<p><b><u>Centre's Response</u></b></p> <p>This control will be part of the School Business Manager's role when appointed.</p> <p><b>Responsible Officer:</b> SBM</p> <p><b>Deadline:</b> September 2023</p>	<p>A review of the IAR confirmed that it was in 'draft' form and does not outline the following information:</p> <ul style="list-style-type: none"> <li>• The information asset owner; and</li> <li>• Detail of staff, personal and financial access to data.</li> </ul> <p><b>Risk</b></p> <p>Where the Centre does not hold an adequate IAR and there are insufficient checks by the FGB, there is an increased risk of non-compliance with the Data Protection Act 2018 and UK GDPR.</p>
<p><b>5. Income</b></p> <p>The Centre's Letting Policy should be reviewed, updated, and formally approved by the FGB on an annual basis. Approval should be recorded in the minutes of the relevant meeting.</p> <p><b><u>Centre's Response</u></b></p> <p>The school facilities are not let on a commercial basis. Should the circumstances change an updated policy will be submitted to the GB for approval. The training room is made available to the Children's Centre at</p>	<p><b>Expected Control</b></p> <p>The Centre is expected to have an up to date lettings policy which details all the current fees on a variety of services. The policy should be reviewed and approved by the FGB.</p> <p><b>Finding</b></p> <p>A review of the lettings policy confirmed that it contained details on the fees and charges on services, staffing, administration, wear and tear, equipment and rental value. However, the policy had been in 'draft' form since October 2022 and had not been reviewed or approved at a FGB meeting.</p> <p><b>Risk</b></p> <p>Where the Centre does not have an up to date and approved Lettings Policy, there is a risk the Centre does not receive the level of income which accurately reflects the cost of buildings and equipment utilised.</p>

Priority 3 Recommendations	Detailed Finding/Rationale
<p>a fee in Partnership with the LA Best Start.</p> <p><b>Responsible Officer:</b> Acting Executive Headteacher</p> <p><b>Deadline:</b> As required</p>	

## AUDIT TERMS OF REFERENCE

### Crosfield and Selhurst Nursery and Children's Centre 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	1	1	2
Budget Planning, Monitoring & Reporting	1	1	0
Payroll	1	3	1
Procurement	3	1	0
Banking	0	0	0
Information Governance	1	0	1
Income	0	0	1
Health and Safety	0	0	0
School Fund Accounting	0	0	0
<b>Totals</b>	<b>7</b>	<b>6</b>	<b>5</b>

## 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:

<b>Priority 1 (High)</b>	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
<b>Priority 2 (Medium)</b>	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
<b>Priority 3 (Low)</b>	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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