

Final Internal Audit Report

Regina Coeli Catholic Primary School

January 2023

Distribution: Head Teacher
Chair of Governors
School Business Manager
Interim Corporate Director, Children, Families and Education
(Final only)
Director of Education
Principal Accountant
Corporate Director Resources and S151 Officer

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.

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

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

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1. Introduction

- 1.1 Regina Coeli Catholic Primary School is a voluntary aided Catholic primary school within the Archdiocese of Southwark and in partnership with the London Borough of Croydon (Council). The School has an expenditure budget of approximately £2,351,579 for 2022/23.
- 1.2 The three-year budget plan for Regina Coeli predicts a budget deficit for the periods 2023/24 and 2024/25. The Headteacher, School Business Manager (SBM) and the Finance Manager advised that the School is planning to fund this deficit using existing budgeted reserves which are currently sufficient to meet the extent of the expected deficit. Moreover, it was explained that the School's Finance Committee deliberately "undervalue" forecasted pupil premiums to create a "worst-case scenario" and therefore it is possible these expected deficits may not be as significant as forecasted. It is advised that the Finance Committee with oversight from the Head Teacher and Board of Governors continue to closely monitor these projected plans.
- 1.3 The most recent Ofsted inspection was in May 2015 and the school awarded - 'Good' - for overall effectiveness.
- 1.4 The fieldwork for this review was completed remotely. We were able to obtain all relevant documents necessary for the fieldwork.
- 1.5 The audit was undertaken as part of the agreed Internal Audit Plan for 2022/23 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 School's budget plan had not been submitted to the Local Authority by 1 May 2022, as required by School's Finance Policy and Procedures Manual and the Council. **(Issue 1)**

Two new Governors had been appointed in the last 12 months; however, DBS checks were not applied for within 21 days following the appointment of either Governor. **(Issue 2)**

The one 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: Budget Planning, Monitoring and Reporting

Priority	Recommendation 1	Detailed Finding/Rationale		
2	The School should ensure that the budget plan is submitted to the Local Authority by 1 May each year.	<p>Expected Control</p> <p>The School’s Finance Policy and Procedures Manual details that <i>‘the budget plan approved by the governing body must be sent by the Headteacher to the Local Authority by 1st May each year, showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan.’</i></p> <p>Issue/Finding</p> <p>Examination of the meeting minutes recorded for the Full Governing Body meeting held on 24 March 2022 confirmed that the 2022/23 budget plan had been scrutinised and approved. However, the 2022/23 budget plan was not submitted to the Council until 23 May 2022. We were advised that the SBM had previously worked for another local authority which had a different submission date and would conform to the Council’s date going forward.</p> <p>Risk</p> <p>Where budget plans demonstrating the School’s intentions for expenditure in the current financial year are not submitted on a timely basis, there is a risk of non-compliance with the School’s Finance Policy and Procedures Manual and Local Authority guidelines.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The budget plan will be submitted by 1 st May each year.		Agreed	SBM	1/5/2023

Audit Area: Payroll

Priority	Recommendation 2	Detailed Finding/Rationale		
2	The School should ensure that all DBS checks are applied for within 21 days of the appointment of new Governors.	<p>Expected Control</p> <p>The School Governance (Constitution and Federations) (England) (Amendment) Regulations 2016 state 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 with 21 days after his or her appointment or election’.</i></p> <p>Issue/Finding</p> <p>A review of the School’s Governance Constitution found that two new Governors had been appointed in the last 12 months. DBS checks were not applied for within 21 days following the appointment of either Governor:</p> <ul style="list-style-type: none"> • One had been appointed on 25 November 2021 with the DBS check initiated on 28 March 2022. • The second had started on 19 February 2022 with the DBS check initiated on 20 June 2022. <p>Risk</p> <p>Where DBS checks are not applied for new governors in a timely manner, there is a risk that the School will not be aware of issues which may result in children being placed at risk. In addition, where the School does not apply for DBS checks within 21 days of a Governor’s appointment, there is a risk of non-compliance with the School Governance (Constitution and Federations) (England) (Amendment) Regulations 2016.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The process for applying for DBS checks has been reviewed and the school will ensure that all		Agreed	GB/Headteacher/SBM	Ongoing

Regina Coeli Catholic Primary School 2022-23

DBS checks are applied for within 21 days of the appointment of new Governors.

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4. Priority 3 Recommendation

Recommendation	Detailed Finding/Rationale
<p>Loans of Equipment</p> <p>The School should introduce laptops for teachers’ forms which set out the conditions of the loan of the equipment to the teacher and should be signed by the recipient accordingly. When teachers leave the School, the laptops for teachers’ forms should evidence the receipt of the machine back into the School and its subsequent allocation.</p> <p><u>School’s Response</u></p> <p>We will devise an up to date form for Teachers removing equipment from the premises based on audit recommendations.</p>	<p>Expected Control</p> <p>There should be effective controls in place to ensure that the removal of all equipment from the School’s premises is monitored and logged.</p> <p>Teachers should sign teachers’ forms for laptops 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>Finding</p> <p>At the time of the audit, devices were only being loaned to staff and not to pupils. Whilst an authorisation form was in place for each device which listed the liabilities and responsibilities of the receiving party, the form in use was addressed to parents / carers and was designed for pupil loans. As such, the teacher in receipt of the device was listed under the ‘pupil’s name’ and signed their agreement to the terms and conditions of the loan as a parent / guardian. In addition, there was not space on the form for the laptops to be signed as returned or to record where these have been reallocated.</p> <p>Risk</p> <p>Where the School is using pupil forms for equipment loans to teachers, there is a risk that the terms and conditions have been considered in relation to pupils’ usage rather than teachers’ and, given the terminology used (parent, pupil etc.), may not be legally enforceable.</p> <p>Where returns and reallocations are not recorded, it may be difficult to confirm that a laptop has been returned or to locate a returned laptop of a teacher who has left the School.</p>

AUDIT TERMS OF REFERENCE

Regina Coeli Catholic 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.

2. AUDIT OBJECTIVES AND METHODOLOGY

- 2.1 To provide an independent and objective opinion on the degree to which the Council's internal control environment supports and promotes the achievement of the Council's objectives. The internal control environment comprises the policies, procedures and operations in place to:

- establish, and monitor the achievement of the service's objectives;
- identify, assess and manage the risks to achieving the services objectives;
- facilitate policy and decision making;
- ensure the economical, effective and efficient use of resources;
- ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;
- safeguard the service's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
- ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

- 2.2 To confirm that management have controls in place to detect and vigorously, pursue, fraud, corruption, other irregularities, errors and poor value for money.

- 2.3 To confirm that appropriate management action has been taken to implement recommendations for change leading to improvement in performance and/ or control.

3. SCOPE

- 3.1 The audit included the following areas (and number of recommendations made):





Audit Area	Recommendations Made		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Governance and Leadership	0	0	0
Budgetary Control & Monitoring	0	1	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	0
Bank Accounts	0	0	0
Information Governance	0	0	1
Health and Safety	0	0	0
Income	0	0	0
School Fund	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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