

Final Internal Audit Report

The Priory School

November 2022

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

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

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of the London Borough of Croydon, and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently, no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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

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1. Introduction

- 1.1 Priory School (the 'School') is a special school (with 139 students at the time of this audit) which works with students aged 11-19. The approved expenditure budget for 2021/22 was £5,736,257.
- 1.2 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.
- 1.3 This audit is being undertaken as part of the Internal Audit Plan for 2022/23, as agreed by Croydon Council's (Council) Audit Committee. The objectives, approach and scope are contained in the Audit Terms of Reference in Appendix 1.

2. Key Issues

Priority 2 Recommendations

The Headteacher's appraisal was completed on the 10 January 2022, which was after the stipulated deadline of 31 December. **(Recommendation 1)**

On 13 July 2022 Internal Audit reviewed five equipment Loan Device Agreement forms dated between July 2021 and June 2022, two for teachers and three for students. It was found that one teacher equipment loan document did not have the signatures of the IT Manager or Head Teacher. Furthermore, one of the student equipment loan documents was not fully completed, missing key information such as parent contact details and the equipment serial number. **(Recommendation 2)**

Internal Audit reviewed the school's self-assessed health and safety compliance check list which revealed areas of incomplete or unsatisfactory testing. **(Recommendation 3)**

Acknowledgement

We would like to thank the following members of staff for their time and contribution to this audit:

- Head Teacher;
- Head Teachers Assistant;
- IT Manager;
- School Office Manager, and
- Finance Manager.

3. Actions and Key Findings/Rationale

Audit Area: Payroll

Priority	Recommendation 1	Detailed Finding/Rationale		
2	The School should ensure the Headteacher's appraisal is completed and written up by the 31 December each year.	<p>Expected Control</p> <p>According to The Education (School Teacher's Appraisal) (England) Regulations 2012, the annual appraisal of the Headteacher should be completed by 31st December and the results should be documented in writing along with any pay increase.</p> <p>Finding</p> <p>The Headteacher's appraisal was completed on the 10 January 2022, which was after the stipulated deadline of 31 December.</p> <p>Risk</p> <p>Where the Headteacher's appraisal is not completed in line with the stipulated timeframes, it can be difficult to highlight and address potential issues on a timely basis.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>The appraisal was originally scheduled to meet the deadline, however was cancelled on the day due to availability of the panel. The Link Adviser took formal advice from Caroline Davies, Head of Governor Services around the missed deadline. She reported that</p> <p><i>Dear Julie and George,</i></p>		Agree (in part)	Governing Body	31/12/2022

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I have spoken to Caroline, Head of Octavo Governor Services. She has confirmed that, providing both headteacher and Chair of the HTPM Review Panel are in agreement, the HTPM review meeting and objective setting meeting can be postponed until January.

6th December 2021

The Chair of Governors is aware of the timeframe for this year's appraisal process.

Audit Area: Information Governance

Priority	Recommendation 2	Detailed Finding/Rationale		
2	The School should ensure that all equipment loan forms are fully completed and evidenced as appropriately authorised prior to any future equipment loans being made.	<p>Expected Control</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.</p> <p>Finding</p> <p>On 13 July 2022 Internal Audit reviewed five equipment Loan Device Agreement forms dated between July 2021 and June 2022, two for teachers and three for students. It was found that one teacher equipment loan document did not have the signatures of the IT Manager or Head Teacher. Furthermore, one of the student equipment loan documents was not fully completed, missing key information such as parent contact details and the equipment serial number.</p> <p>Risk</p> <p>Where equipment loan forms are not fully completed or evidenced as properly authorised, there is a risk of inappropriate equipment loans.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The School will ensure that loan forms are appropriately signed and will reinforce the system by introducing electronic signing.		Agreed	(ICT Manager)	31/10/2022

Audit Area: Health and Safety

Priority	Recommendation 3	Detailed Finding/Rationale
2	<p>The checklist of the various responsibilities and duties under current health and safety legislation should be reviewed by the School with any identified gaps addressed as soon as possible.</p>	<p>Expected Control</p> <p>The Health & Safety at Work Act 1974, its subordinate legislation, The Regulatory Reform (Fire Safety) Order 2005, Control of Asbestos Regulations 2012 and other related legislation, place responsibilities on employers, owners / occupiers of premises, landlords and clients for the correct management of building-related risks. Much of this responsibility is placed on school governing bodies.</p> <p>Finding</p> <p>Review of the Health and Safety questionnaire completed by the School noted the following gaps:</p> <p>1. Training:</p> <ul style="list-style-type: none"> • Evacuation of mobility-impaired individuals, • Emergency procedures, and; • Traffic management plan. <p>2. Management of Contractors:</p> <ul style="list-style-type: none"> • Visitor and contractor induction training for fire safety, • The School does not ensure Action Phase Plans and H&S Plans are obtained before commencement of any construction, and; • Management does not require contractors to undertake risk assessments and produce safe work procedures. <p>Risk</p> <p>Where gaps in the checklist of various responsibilities and duties under current health and safety legislation are not addressed in a timely manner, there is a risk that harm could come to children and staff when present at the School’s premises.</p>

Management Response	Agreed/Disagreed	Responsible Officer	Deadline
<p>The School is committed to addressing the outstanding actions, in liaison with the H&S Consultants (Judicium Education) – we have arranged our next Health & Safety Audit for December 2022 and aim to complete these actions by that date. As discussed during the audit, many of the construction projects are implemented directly by the local authority and subject to their contract management procedures. Due to the nature of the school and student profile, contractor are not on site during the school day, and non-essential works are carried out during the school holidays under the supervision of the L.A.</p>	<p>Agreed</p>	<p>Facilities Manager</p>	<p>31/12/2022</p>

4. Priority 3 Issues

Recommendation	Detailed Finding/Rationale
<p>1) Governance and Leadership Ensure that the Scheme for Financing Schools is available as part of the induction information.</p> <p>School's response</p> <p>It was our understanding that this document was no longer a requirement for Governor Induction. It has now been added to the induction pack and circulated to Governors.</p> <p>The School's induction pack contains Governance Handbook and Competency Scheme. The Schools' Finance adviser (JCA) attends all meetings of the Resource Committee to advise and support Governors. Governors are also invited to attend School Governor Training, included Finance, at Octavo Partnership Governor Services.</p> <p>In response to this audit recommendation, all governors have now been invited to the following online training course: https://governorsforschools.org.uk/courses/finance-for-school-governors/</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 confirmed that all required documents were shared with them with the exception of 'the Scheme for Financing Schools'.</p> <p>Risk</p> <p>New Governors are not fully informed about the matters pertaining to the School's finances, resulting in lack of clarity when making decisions.</p>

AUDIT TERMS OF REFERENCE

Priory 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

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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	1
Budget Planning, Monitoring & Reporting	0	0	0
Payroll	0	1	0
Procurement	0	0	0
Banking	0	0	0
Information Governance	0	1	0
Income	0	0	0
Health and Safety	0	1	0
School Fund Accounting	0	0	0
Totals	0	3	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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