

Final Internal Audit Report All Saints CE Primary School November 2017

Distribution: Head Teacher
Chair of Governors
School Business Manager
Executive Director, People (Final Only)
Director of Finance, Investment and Risk (Final Only)
Director of Education and Youth Engagement (Final Only)

Assurance Level		Recommendations Made	
Substantial Assurance	Direction of Travel from previous audit: No change from Substantial	Priority 1	0
		Priority 2	5
		Priority 3	3

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1. Introduction

- 1.1. All Saints CE Primary School is a Church of England Voluntary Aided School and at the time of audit there were 385 pupils attending. It has an expenditure budget of approximately £2.2m for the current financial year.
- 1.2. The audit was undertaken as part of the agreed Internal Audit Plan for 2017/18 based on a risk assessment. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Recommendations and Issues

Priority 2 Recommendations

The School's SFVS for 2017 was not discussed and approved by the Governing Body prior to submission to the Local Authority **(Rec 1)**.

The Schools 2017/18 budget submitted to the Council had not been approved as required **(Rec 2)**.

The Headteacher's pay review was in January 2017 and not prior to 31 December 2016 as required **(Rec 3)**.

The School's safeguarding annual self-audit highlighted five amber areas, but only two action points were arising **(Rec 4)**.

Sample testing identified four transactions where the orders had been raised after the date and receipt of the corresponding invoices **(Rec 5)**.

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
- School Business Manager

3. Actions and Key Findings/Rationale

Audit Area: Governance

Priority	Recommendation 1	Detailed Finding/Rationale								
2	The Governing Body must discuss and approve the annual SFVS self-assessment before it is submitted to the Council.	<p>Expected Control</p> <p>The DfE's School Financial Value Standard (SFVS) self-assessment form states that, 'The governing body or the management committee may delegate the consideration of the questions to a finance or other relevant committee, but a detailed report should be provided to the full governing body or the management committee and the chair of governors or the chair of the management committee must sign the completed form.'</p> <p>Issue/Finding</p> <p>The School's signed and completed SFVS self-assessment form for 2017/18 was submitted to the Council on 10 March 2017. However, while the minutes of the Resources Committee held on 1 February 2017 'noted that the Chair of the committee met with the SBM this week and reviewed the SFVS against the previous year's' the SFVS was not discussed and reviewed by Governors until it was approved at the Governing Body meeting held on 4 May 2017.</p> <p>Risk</p> <p>If the School's SFVS is not discussed and approved by the school's Governing Body before submission to the Council, there is a risk that it may not be an accurate record of current governance practices.</p>								
<table border="1"> <thead> <tr> <th>Management Response</th> <th>Agreed/Disagreed</th> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Our procedures have been changed to ensure this is now scheduled into January meeting for the RC and FGB.</td> <td>Agreed</td> <td>School Business Manager</td> <td>31st March 2018</td> </tr> </tbody> </table>			Management Response	Agreed/Disagreed	Responsible Officer	Deadline	Our procedures have been changed to ensure this is now scheduled into January meeting for the RC and FGB.	Agreed	School Business Manager	31 st March 2018
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Audit Area: Budget Planning, Monitoring and Reporting

Priority	Recommendation 2	Detailed Finding/Rationale		
2	Future annual budgets for All Saints School should be submitted by the deadline date of 1 May.	<p>Expected Control</p> <p>The Council's 'Scheme for Financing Schools' paragraph 2.3 states that, 'Governing Bodies are responsible for agreeing an income and expenditure plan for the financial year'. The approved budget is required to be submitted to the Council by 1 May each year.</p> <p>Issue/Finding</p> <p>The School submitted the signed and ratified budget on 9 May 2017, 8 days after the required deadline.</p> <p>Risk</p> <p>Where the School's budget is not submitted to the Council by the required date, the School is in breach of the Council's 'Scheme for Financing Schools'.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The school submitted the signed and ratified budget on 9/5/17 after the GB meeting.		Agreed.	School Business Manager	1 May 2018

Audit Area: Payroll

Priority	Recommendation 3	Detailed Finding/Rationale						
2	Annually review the pay of all teachers by 31 October and the Head Teacher by 31 December.	<p>Expected Control</p> <p>The Education (School Teachers' Appraisal) (England) Regulations 2012 require that the Head Teacher's pay review is completed by 31 December annually. This is included in paragraph 14.6 of All Saints Primary School Pay Policy dated September 2016.</p> <p>Issue/Finding</p> <p>The minutes of the Resources Committee held on 1 February 2017 details that the, 'Chair of Governors (CoG) provided Governors with notes from the Pay Committee that met on 25th January 2017.'</p> <p>The Governing Body ratified the proposals of the Pay Committee at their meeting held on 25 April 2017</p> <p>Risk</p> <p>Where Head Teacher performance reviews are not undertaken in line with set guidelines there is a risk that any instances of poor performance may not be identified in a timely manner. Furthermore, there is an impact on budget management with the Head Teacher's pay being backdated to September.</p>						
Management Response	Our procedures have been changed to ensure this is now scheduled into the committee meetings to meet the deadline 31 st December.	<table border="1"> <thead> <tr> <th data-bbox="997 920 1066 1218">Agreed/Disagreed</th> <th data-bbox="997 584 1066 920">Responsible Officer</th> <th data-bbox="997 255 1066 584">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1066 920 1197 1218">Agreed</td> <td data-bbox="1066 584 1197 920">Chair of Governing Body</td> <td data-bbox="1066 255 1197 584">31 December 2017</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Chair of Governing Body	31 December 2017
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Agreed	Chair of Governing Body	31 December 2017						

Audit Area: Safeguarding

Priority	Recommendation 4	Detailed Finding/Rationale						
2	The School must complete an action plan to remedy each safeguarding issue identified as an amber risk.	<p>Expected Control Schools are required to complete an annual safeguarding self-assessment and submit this to Croydon Council during the Autumn Term each year.</p> <p>Issue/Finding The School's annual safeguarding self-assessment was submitted to Croydon Council on 7 December 2016. Examination of the completed self-assessment noted that, while this included five amber points, it only included two action points. The three areas identified as an amber risk, where no corresponding action plan/s are detailed to eliminate the risk are 'Employment, Training, Policy and Procedures', 'Female Genital Mutilation' and 'Domestic Abuse and Sexual Violence'.</p> <p>Risk Where a School identifies a safeguarding issue, it is not complying with Safeguarding principles if it does not identify a corresponding action point to remedy or mitigate the weaknesses.</p>						
Management Response	All action points will be completed on the next annual audit.	<table border="1"> <thead> <tr> <th data-bbox="944 952 1018 1220">Agreed/Disagreed</th> <th data-bbox="944 586 1018 952">Responsible Officer</th> <th data-bbox="944 259 1018 586">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1018 952 1077 1220">Agreed</td> <td data-bbox="1018 586 1077 952">Head Teacher</td> <td data-bbox="1018 259 1077 586">December 2017</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Head Teacher	December 2017
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Agreed	Head Teacher	December 2017						

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Audit Area: Procurement

Priority	Recommendation 5	Detailed Finding/Rationale			
2	For all cases where costs relating to transactions can be identified in advance, management should ensure that orders are raised and appropriately certified in advance of purchases being initiated.	<p>Expected Control</p> <p>The All Saints CE School Financial Policies and Procedures Manual section D8 states that "Official, pre-numbered orders from the FMS6 system must be used for all goods and services except utilities, rents, rates and petty cash payments."</p> <p>Issue/Finding</p> <p>Examination of the documentation relating to a sample of fifteen transactions identified that in four instances the orders had been raised subsequent to the corresponding invoices being received by the School.</p> <p>Risk</p> <p>Where official orders are not raised and authorised prior to purchases being made, there is a risk that the authorisation and commitment processes are by-passed which may result in inappropriate purchases and poor budgetary control.</p>	Agreed/Disagreed	Responsible Officer	Deadline
Management Response		Agreed	School Business Manager	Completed	
All staff have been reminded of the schools financial procedures.					

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The new governor induction pack should include the 2017/18 Budget, the Scheme for Financing Schools, the School's delegation of authorisation levels and the Governor's Guide to School Governance.</p>	<p>The DfE recommends that schools provide new governors with an induction pack that gives adequate guidance and that their roles and responsibilities have been explained.</p> <p>Examination of the new governor induction pack indicated that this did not include the 2017/18 Budget, the Scheme For Financing Schools, the School's delegation of authorisation levels and the Governor's Guide to School Governance.</p>
<p>2) The School's Governing Body minutes should record that they have approved the School's Whistleblowing Policy.</p>	<p>Paragraph 11.10 'of Croydon Council's scheme For Financing Schools contains guidance for Whistleblowing' and states</p> <p>"Persons working at a school or school governors who wish to complain about financial propriety at the school are asked to follow the London Borough of Croydon Whistle Blowing Procedure for schools.</p> <p>We were informed that the School's Whistleblowing Policy was approved by Governing Body on 21 June 2017. However, this approval was not recorded in the minutes of the meeting.</p> <p>If the School does not have a Whistleblowing Policy that has been approved by the Governing Body, the School may not be able to demonstrate that governance is good.</p>
<p>3) The School should add the Information & Records Management Society's Records Management Toolkit for Schools as an Appendix to its document retention policy.</p>	<p>The Data Protection Act 1998 principles include the requirement that personal data is 'kept for no longer than is absolutely necessary.' In this regard the school should have a document retention policy, which <i>et al</i> considers the legal retention periods for documents and the method of disposal.</p> <p>The School has a documents retention policy. However, this could be improved by adding the Information & Records Management Society's Records Management Toolkit for Schools.</p> <p>If the School does not have an appropriate and detailed documents retention policy, there is a risk that documents may not be held for the appropriate period or may be disposed of in an inappropriate manner.</p>

**Agreed Terms of Reference
All Saints CE Primary School – 2017/18**

1. INTRODUCTION & BACKGROUND

1.1 This audit is being undertaken as part of the agreed Internal Audit Plan for 2017/18.

2. AUDIT OBJECTIVES AND METHODOLOGY

- 2.1 To provide an independent and objective opinion on the degree to which the Council's internal control environment supports and promotes the achievement of the Council's objectives. The internal control environment comprises the policies, procedures and operations in place to:
- establish, and monitor the achievement of the service's objectives;
 - identify, assess and manage the risks to achieving the services objectives;
 - facilitate policy and decision making;
 - ensure the economical, effective and efficient use of resources;
 - ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;
 - safeguard the service's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
 - ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.
- 2.2 To confirm that management have controls in place to detect and vigorously, pursue, fraud, corruption, other irregularities, errors and poor value for money.
- 2.3 To confirm that appropriate management action has been taken to implement recommendations for change leading to improvement in performance and/ or control.

3. SCOPE

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





Audit Area	Recommendations Made		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Governance and Leadership	0	1	2
Budgetary Control & Monitoring	0	1	0
Payroll	0	1	0

Safeguarding	0	1	0
Procurement	0	1	0
Bank Accounts	0	0	0
Information Governance	0	0	1
Income	0	0	0
Health and Safety	0	0	0
School Fund	0	0	0

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.