

Final Internal Audit Report Beulah Junior School May 2018

Distribution: Head Teacher
Chair of Governors
School Office Administrator
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	
Limited Assurance	Direction of Travel from previous audit: Down from Substantial	Priority 1	2
		Priority 2	8
		Priority 3	3

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1. Introduction

- 1.1. Beulah Junior School is a Community School and at the time of audit there were 335 pupils attending. It has an expenditure budget of approximately £1.761m 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 1 Recommendations

DBS checks for new governors must be applied for within 21 days of their appointment. One was found that and was in fact dated almost 11 months after they started. **(Rec 4)**.

The School has an electrical installation condition report, dated 31 October 2012. This is more than the required five years ago **(Rec 9)**.

Priority 2 Recommendations

Twenty two of the questions in the School Financial Value Standard self-assessment for 2016/17 for the School had not been properly answered **(Rec 1)**.

The School submitted its budget for 2017/18 to Croydon Council, later than required, on 9 May 2017 **(Rec 2)**.

The Head Teacher's pay review, although completed on 11 December 2017, had not yet been finalised and approved at the time of audit in March 2018 **(Rec 3)**.

Goods or services received checks had been not been appropriately evidenced for four of the fifteen transactions sampled **(Rec 5)**.

The School's document retention policy was still in draft **(Rec 6)**.

The Karate Club's letting agreement was not signed by the hirer to confirm acceptance of the terms and conditions **(Rec 7)**.

The School's lettings policy does not require that hirers have and provide details of their Public Liability Insurance **(Rec 8)**.

The School does not have an appropriate asset maintenance plan in place **(Rec 10)**.

The priority 3 recommendations are included 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 Office Administrator

3. Actions and Key Findings/Rationale

Audit Area: Governance

Priority	Recommendation 1	Detailed Finding/Rationale
2	In future the Governors should ensure that all twenty five questions have been fully answered before the completed SFVS is submitted to Croydon Council.	<p>Expected Control</p> <p>The DfE's School Financial Value Standard (SFVS) details that <i>"The standard consists of 25 questions which governing bodies or management committees should formally discuss annually with the headteacher and senior staff.....Each question requires an answer of 'yes', 'in part, or 'no.'"</i></p> <p>Issue/Finding</p> <p>It was confirmed that the School's SFVS self-assessment was submitted to Croydon Council on 30 March 2017. Examination of the submitted self-assessment established that only three questions (Questions 1, 2 & 3) had been answered "YES" with supporting evidence. The remaining 22 questions (Questions 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 & 25) were all unanswered (with the answer column left blank), although supporting comments had been provided for each in the 'comments, evidence and proposed actions' column).</p> <p>Risk</p> <p>Where SFVS self-assessment is incomplete, there is a risk that the Local Authority is unable to use this to inform their programme of financial assessment and auditors cannot use it to check whether the self-assessment is in line with their own judgement. It may also be less clear to school management and governors where attention is required.</p>
Management Response		<p>Agreed/Disagreed</p> <p>Responsible Officer</p> <p>Deadline</p>

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Ticks or crosses will be included to indicate yes/no/partial retrospectively and forwarded in response. In future all boxes will be completed.	Agreed	Headteacher	May 2018
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Audit Area: Budgetary Control & Monitoring

Priority	Recommendation 2	Detailed Finding/Rationale						
2	The School should ensure its annual budget is approved by the Governing Body and then submitted to the Council's Finance Division by the 1 st May each year.	<p>Expected Control</p> <p>In line with the Croydon Scheme for Financing Schools, (Section 2.3) the Governing Body is required to approve the school's annual budget and submit this to the Council by 1 May each year.</p> <p>Issue/Finding</p> <p>Although the School's Governing Body approved the 2017/18 budget on 27 March 2017, this was only submitted to the Council on 9 May 2017, after the Council had queried where it was.</p> <p>Risk</p> <p>Where the School's budget is not submitted to the Local Authority by the required deadline (1st May), the School is in breach of the Croydon Scheme for Financing Schools and there is a risk that the Council cannot monitor the School's finances effectively.</p>						
Management Response	The budget for 2018-2019 has been sent to Council's finance division 26.04.2018	<table border="1"> <thead> <tr> <th data-bbox="852 920 911 1223">Agreed/Disagreed</th> <th data-bbox="852 589 911 920">Responsible Officer</th> <th data-bbox="852 255 911 589">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="911 920 1005 1223">Agreed</td> <td data-bbox="911 589 1005 920">Headteacher</td> <td data-bbox="911 255 1005 589">May 2018</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Headteacher	May 2018
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Headteacher	May 2018						

Audit Area: Payroll

Priority	Recommendation 3	Detailed Finding/Rationale						
2	<p>The Governing Body should ensure that annual appraisal of the Head Teacher is completed by 31 December annually.</p>	<p>Expected Control The Education (School Teachers' Appraisal) (England) Regulations 2012 require that the Headteacher's pay review is completed by 31 December annually.</p> <p>Issue/Finding We were informed that the Headteacher's annual appraisal had been conducted on 11 December 2017; however, this had not yet been approved and processed at the time of audit in March 2018.</p> <p>Risk Where the Headteacher's annual appraisal is not finalised and implemented by 31 December, the School is in breach of the Education (School Teachers' Appraisal) (England) Regulations 2012 and there is a risk that any pay increase awarded is backdated to 1 September and is likely to affect the School's budget projection for the next year.</p>						
<p>Management Response</p>								
<p>This will be addressed by the Governing Body at the next meeting in July 2018.</p>		<table border="1"> <thead> <tr> <th data-bbox="951 920 1043 1223">Agreed/Disagreed</th> <th data-bbox="951 584 1043 920">Responsible Officer</th> <th data-bbox="951 253 1043 584">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="967 920 1027 1223">Agreed</td> <td data-bbox="967 584 1027 920">Head teacher</td> <td data-bbox="967 253 1027 584">May 2018</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Head teacher	May 2018
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Head teacher	May 2018						

Priority	Recommendation 4	Detailed Finding/Rationale						
1	DBS checks for new governors must be sought within 21 days of their appointment as a governor.	<p>Expected Control</p> <p>The School Governance (Constitution and Federations) (England) (Amendment) Regulations 2016 makes DBS checks mandatory for governors in maintained schools. It states "16A.—(1) Where a governor has been elected or appointed before 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 by 1st September 2016.</p> <p>(2) 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 within 21 days after his or her appointment or election."</p> <p>Issue/Finding</p> <p>The DBS for one of the governors appointed after 1 April 2016 was not applied for within 21 days as required. The DBS for the governor, appointed on 29 March 2017, was dated 26 February 2018, almost 11 months after their date of appointment.</p> <p>Risk</p> <p>Where governor DBS checks are not requested as required within 21 days of their appointment, there is a risk that the School is in breach of its statutory duty and safeguarding measures are inadequate.</p>						
Management Response	At the time of the audit, this DBS check had already been applied for. All governors are fully DBS checked and the School is now aware of the legislation regarding checks for governors (Sept 2016).	<table border="1"> <thead> <tr> <th data-bbox="1046 909 1114 1211">Agreed/Disagreed</th> <th data-bbox="1046 577 1114 909">Responsible Officer</th> <th data-bbox="1046 244 1114 577">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1114 909 1276 1211">Agreed</td> <td data-bbox="1114 577 1276 909">Headteacher</td> <td data-bbox="1114 244 1276 577">May 2018</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Headteacher	May 2018
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Headteacher	May 2018						

Audit Area: Procurement

Priority	Recommendation 5	Detailed Finding/Rationale		
2	The Head Teacher should ensure that officers checking that the goods/services have been received sign the delivery notes/invoices accordingly.	<p>Expected Control</p> <p>The Beulah Junior School financial Policy and Procedures Manual part 4 details that the duties of the Admin Officers include the checking of deliveries and the signing of delivery notes.</p> <p>Issue/Finding</p> <p>Examination of a sample of 15 transactions identified that for four of these there was no evidence of a goods or services received check being conducted.</p> <p>Risk</p> <p>Where appropriate evidence of goods/services received checks is not retained, there is a risk that payments are made for goods and services that are not received.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Where work is being carried out on site the School and admin officers will ensure that completed jobs are appropriately itemised, annotated and signed off. The School will endeavour to ensure that goods are not delivered during School closure. If such deliveries occur, the recipient (usually caretaker) will be charged to make sure goods are checked using the Confirmation of Receipt of Goods form.		Agreed	Admin staff Caretaker Headteacher	May 2018

Audit Area: Information Governance

Priority	Recommendation 6	Rationale
2	The Governors should approve the Document Retention Policy.	<p>Expected Control</p> <p>The Data Protection Act 1998 details how personal information should be obtained, used and stored by organisations, businesses and the government. Adopting strict information governance and retention policies acts helps to prevent non-compliance with the Act.</p> <p>Issue/Finding</p> <p>We were informed that the School's Document Retention Policy was a draft document, which had not yet been approved by the Governing Body.</p> <p>Risk</p> <p>If the School does not have an approved document retention policy, there is a risk that documents may not be held for the appropriate period or disposed of securely.</p>
Management Response		
This will be revised and done in accordance with the GDPR at the next Full Governing Body meeting in July 2018.	Agreed	<p>Agreed/Disagreed</p> <p>Agreed</p>
	Head Teacher	<p>Responsible Officer</p> <p>Head Teacher</p>
		<p>Deadline</p> <p>May 2018</p>

Audit Area: Income

Priority	Recommendation 7	Detailed Finding/Rationale				
2	The Karate Club's letting agreement should be signed on behalf of the Karate Club.	<p>Expected Control</p> <p>In line with the Schools Letting policy, appropriate lettings agreements should be in place for each let of the School's premises.</p> <p>Issue/Finding</p> <p>The copy of the Karate Club's letting agreement provided was not signed on behalf of the Karate Club to confirm their acceptance of the terms and conditions. Furthermore, there was no confirmation by the Karate Club that they were in receipt of, aware of and in agreement with the following School safeguarding policies as required:</p> <ul style="list-style-type: none"> • Child Protection Policy • Safeguarding Policy • Health and Safety Policy • Complaints Policy • Whistleblowing Policy <p>Risk</p> <p>If lettings agreement forms are not signed by the hirer as agreed, there is a risk that they may not feel bound to these terms and conditions.</p>				
Management Response		Agreed/Disagreed				
There has been changes made to the agreement in place which now reflects the correct/required information		<table border="1"> <thead> <tr> <th data-bbox="1077 571 1173 907">Responsible Officer</th> <th data-bbox="1077 235 1173 571">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1077 571 1173 907">School Admin</td> <td data-bbox="1077 235 1173 571">May 2018</td> </tr> </tbody> </table>	Responsible Officer	Deadline	School Admin	May 2018
Responsible Officer	Deadline					
School Admin	May 2018					

Priority	Recommendation 8	Detailed Finding/Rationale						
2	<p>The School should liaise with the Council's insurance section and either:</p> <ul style="list-style-type: none"> - Amend the letting agreement form to require that hirers have and provide details of public liability insurance. - Levy a surcharge on hirers to cover the additional insurance requirements on the School. 	<p>Expected Control In line with the Schools Letting policy, appropriate lettings agreements should be in place for each let of the School's premises.</p> <p>Issue/Finding Examination of the standard lettings agreements used by the School noted that there is no requirement for hirers to have or provide details of their Public Liability Insurance.</p> <p>Risk If hirers are not required to provide evidence of public liability insurance, there is a risk that they may be uninsured, which might lead to financial losses for the School should an incident occur.</p>						
<p>Management Response</p> <p>The agreement has been amended to reflect the necessary wording in regards to insurance and copies of insurance documents have been submitted to the School.</p>		<table border="1"> <thead> <tr> <th data-bbox="727 913 798 1218">Agreed/Disagreed</th> <th data-bbox="727 582 798 913">Responsible Officer</th> <th data-bbox="727 253 798 582">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="798 913 925 1218">Agreed</td> <td data-bbox="798 582 925 913">School Admin</td> <td data-bbox="798 253 925 582">May 2018</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	School Admin	May 2018
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Agreed	School Admin	May 2018						

Audit Area: Health and Safety

Priority	Recommendation 9	Detailed Finding/Rationale						
1	<p>A National Inspection Council for Electrical Installation Contracting (NICEIC) Electrical Periodic Inspection Test should be arranged for the School as soon as possible.</p>	<p>Expected Control The School is required to have a National Inspection Council for Electrical Installation Contracting (NICEIC) Electrical Periodic Inspection Test every five years.</p> <p>Issue/Finding We obtained a copy of the last school's electrical installation condition report, which was dated 31 October 2012 i.e. over 5 years ago.</p> <p>Risk Where the School's National Inspection Council for Electrical Installation Contracting (NICEIC) Electrical Periodic Inspection Test Certificate is out of date, the School may suffer an accident or invalidate its insurance.</p>						
Management Response								
	<p>The NICEIC test was carried out on 16/04/2018.</p>	<table border="1"> <thead> <tr> <th data-bbox="853 1137 896 1243">Agreed/Disagreed</th> <th data-bbox="853 1243 896 1400">Responsible Officer</th> <th data-bbox="853 1400 896 2058">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="896 1137 940 1243">Agreed</td> <td data-bbox="896 1243 997 1400">Caretaker and School Admin</td> <td data-bbox="896 1400 997 2058">Implemented</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Caretaker and School Admin	Implemented
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Caretaker and School Admin	Implemented						

Priority	Recommendation 10	Detailed Finding/Rationale						
2	The School should develop an appropriate asset management plan.	<p>Expected Control</p> <p>The School Financial Value Standard (SFVS) Question 17 asks, 'Does the school maintain its premises and other assets to an adequate standard to avoid future urgent need for replacement?'</p> <p>The SFVS support notes further detail that, All schools should have an asset management plan, which includes a strategy for developing, adapting and eventually replacing buildings, which is part of the school's overall planning for delivery of education.'</p> <p>Issue/Finding</p> <p>It was confirmed that the School has a 'Building Maintenance Plan' in place, dated January 2018. However, examination of the plan noted that this only detailed actions up to 28 February 2018 and did not include any plans for maintenance of the School's buildings going forwards.</p> <p>Risk</p> <p>Where the School does not have an appropriate asset management plan, the School cannot be confident that it is maintaining its premises in the most economical way.</p>						
Management Response		<table border="1"> <thead> <tr> <th data-bbox="1018 909 1075 1211">Agreed/Disagreed</th> <th data-bbox="1018 577 1075 909">Responsible Officer</th> <th data-bbox="1018 244 1075 577">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1075 909 1208 1211">Agreed</td> <td data-bbox="1075 577 1208 909">School Admin</td> <td data-bbox="1075 244 1208 577">May 2018</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	School Admin	May 2018
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	School Admin	May 2018						
The School is in the process of developing an asset management plan and this will be available by end of May 2018.								

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The New Governor Induction pack should be amended to include the Croydon Scheme for Financing Schools, the School's delegation of authorisation levels and the current budget.</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 Croydon Scheme For Financing Schools, the School's delegation of authorisation levels or the current budget.</p>
<p>2) Copies of documents obtained as part of the recruitment process 'right to work in the UK verification checks' should be marked 'original seen', signed and dated.</p>	<p>The advice on the GOV.UK website states that, 'You must check that a job applicant is allowed to work for you in the UK before you employ them. You must see the applicant's original documents. You must check that the documents are valid with the applicant present. You must make and keep copies of the documents and record the date you made the check. You could face a civil penalty if you employ an illegal worker and haven't carried out a correct right to work check.'</p> <p>A sample of three recent staff appointments was examined. Although evidence of 'right to work in the UK' checks in the form of copies of passports or Certificate of Entitlement to The Right of Abode being retained was available, these documents were not marked 'Original seen' to confirm that the original copies of these were seen or signed and dated.</p>
<p>3) Invoices should be evidenced as appropriately authorised before being paid.</p>	<p>The School's Financial Policy and Procedures details that the Head Teacher and Deputy Head Teacher are responsible for the 'Authorisation of invoices as correct and valid for payment, subject to their delegated limits.</p> <p>Examination of the documentation relating to a sample of fifteen transactions identified that in one instance the invoice had not been signed to evidence authorisation.</p>

**Agreed Terms of Reference
Beulah Junior 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	1

Budgetary Control & Monitoring	0	1	0
Payroll	1	1	1
Safeguarding	0	0	0
Procurement	0	1	1
Bank Accounts	0	0	0
Information Governance	0	1	0
Income	0	2	0
Health and Safety	1	1	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.