

## Final Internal Audit Report Margaret Roper RC Primary School November 2017

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

Assurance Level		Recommendations Made	
<b>Substantial Assurance</b>	Direction of Travel from previous audit: Improvement from Limited	Priority 1	0
		Priority 2	9
		Priority 3	7

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### 1. Introduction

- 1.1. Margaret Roper RC Primary School is a voluntary aided School and at the time of audit there were 245 pupils attending. It has an expenditure budget of approximately £1.1m 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

A completed pecuniary interest form was not held for one of the Governors or a member of staff at the time of the audit **(Rec 1)**.

While a 'Financial Skills matrix' was provided for the School, this did not include eight of the Governors or the Head Teacher **(Rec 2)**.

Evidence of medical clearance was not retained for one of the three recent starters sampled **(Rec 3)**.

Seven out of 15 official orders sampled were raised after the date and receipt of the corresponding invoices **(Rec 4)**.

There were no delivery notes to confirm receipt of the goods or services for four out of the 15 purchases sampled **(Rec 5)**.

The School did not have a complete Documents Retention Policy **(Rec 6)**.

Sample testing found that the School did not have formal contracts with the organisations hiring its premises **(Rec 7)**.

The School did not have a NICEIC Emergency Lighting Test Certificate **(Rec 8)**.

The School Fund account had not been presented to the Governing Body **(Rec 9)**.

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 Business Manager

### 3. Actions and Key Findings/Rationale

Audit Area: Governance

Priority	Recommendation 1	Detailed Finding/Rationale		
2	The identified Governor and staff member should be formally reminded to provide an appropriately completed pecuniary interest form. If this is still not provided, the matter should be appropriately escalated.	<p><b>Expected Control</b></p> <p>In compliance with the Croydon Scheme for Financing Schools, Section 2.9, "Governing bodies shall maintain a register which lists for each member of the Governing Body, the Head Teacher and budget holders, any pecuniary interests they or any member of their immediate family have. The register is to be kept up to date with changes being made as they occur and by means of an annual review of entries."</p> <p><b>Issue/Finding</b></p> <p>A current signed pecuniary interest form was not held for one of the Governors or a member of staff at the time of the audit.</p> <p><b>Risk</b></p> <p>Where School Governors and required staff have not signed declarations of pecuniary interest forms, there is a risk that conflicts of interest may not be declared and the School is unable to demonstrate openness, transparency and good governance.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Noted, agreed that the relevant forms will be completed by all Governors and by all Staff with Finance responsibilities. The majority of Governors and Staff have completed the 2017 Declarations (at our September FGB Meeting) and any outstanding will be concluded by the next FGB on 5 <sup>th</sup> December 2017. Going forward this will be followed up more robustly to ensure all forms are completed in a timely fashion. The Chair of Governors will be asked to emphasise the importance of this matter to all Governors.		Agreed	Finance Officer	December 2017

**Audit Area: Budgetary Control & Monitoring**

Priority	Recommendation 2	Detailed Finding/Rationale		
2	Staff who have financial responsibilities and Governors should complete the financial skills matrix.	<p><b>Expected Control</b></p> <p>The Schools Financial Value Standard (SFVS) Question 1 assesses whether the Full Governing Body and Senior staff have adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money.</p> <p><b>Issue/Finding</b></p> <p>While a 'Financial Skills matrix' was provided for the School, this did not include eight of the Governors or the Head Teacher.</p> <p><b>Risk</b></p> <p>Where Financial Skill Self-Assessments for Governors and staff who have financial responsibilities are not completed and returned in a timely manner, there is a risk that staffing needs and skills gaps for staff and Governors are not identified.</p>		
<p><b>Management Response</b></p> <p>Agreed. All Finance Governors will complete the Financial Skills Self-Assessment at our first Finance Committee on 13<sup>th</sup> November 2017 which will inform our SFVS return. All staff with Finance responsibilities will complete the Staff Self Assessments at the same time.</p> <p>The Chair of Governors will be asked to emphasise the importance of this matter to all Governors.</p>		<p><b>Agreed/Disagreed</b></p> <p>Agreed</p>	<p><b>Responsible Officer</b></p> <p>Finance Officer</p>	<p><b>Deadline</b></p> <p>November 2017</p>

**Audit Area: Payroll**

Priority	Recommendation 3	Detailed Finding/Rationale						
2	Evidence of occupational health checks having been undertaken should be retained for all staff (in their respective personnel files.)	<p><b>Expected Control</b></p> <p>In line with the requirements of the Education Regulations 2003 (Health Standards) (England), all new staff should receive a Health Check from the Council's Medical Officer to verify that they are fit to perform their required duties in their role. The document confirming the successful occupational health check is sent to the school and should be retained on file.</p> <p><b>Issue/Finding</b></p> <p>Examination of the documentation held for three new starters from the period from 1 April 2016 to 23 June 2017 found that the required medical clearance had not been obtained for one of the starters.</p> <p><b>Risk</b></p> <p>Where new staff do not receive a medical check prior to commencing employment, there is a risk that employees are not fit to carry out some specific roles. This could result in a loss of provision of services through long term illness and potentially a financial loss for the School.</p>						
<b>Management Response</b>	Agreed, we have reviewed our procedures to ensure the medical checks are routinely completed. Going forward all OH forms will be retained on personnel files.	<table border="1"> <thead> <tr> <th data-bbox="863 911 925 1211">Agreed/Disagreed</th> <th data-bbox="863 575 925 911">Responsible Officer</th> <th data-bbox="863 239 925 575">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="925 911 1048 1211">Agreed</td> <td data-bbox="925 575 1048 911">Finance Officer</td> <td data-bbox="925 239 1048 575">Immediate</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Finance Officer	Immediate
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Finance Officer	Immediate						



Audit Area: Procurement

Priority	Recommendation 4	Detailed Finding/Rationale		
2	Purchase Orders should be raised and approved prior to transactions being initiated by the School.	<p><b>Expected Control</b></p> <p>The Margaret Roper Primary School Financial Policies and Procedures Manual states <i>"Official pre-numbered orders...must be used for all goods and services except utilities, rents, rates and petty cash payments."</i></p> <p><b>Issue/Finding</b></p> <p>From a sample of 15 purchase orders selected for sampling, seven were found to be raised after the date and receipt of the corresponding invoices.</p> <p><b>Risk</b></p> <p>Where purchase orders are not raised prior to orders made in line with the School's Financial Policies and Procedures Manual there is an increased risk that inappropriate purchases are made which would otherwise not have been approved if the correct order of processes were followed.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Agreed, our procedures have been reviewed and orders will be raised prior to being made to ensure proper approval of purchases. I would add that the two larger purchases listed were both discussed and approved by Governors well in advance of the orders being placed. In future I will ensure that the relevant paperwork / minutes are held with the orders.		Agreed	Finance Officer/Bursar & SLT	Immediate



Priority	Recommendation 5	Detailed Finding/Rationale		
2	Goods or Services received checks should be evidenced for all transactions prior to payment being made.	<p><b>Expected Control</b></p> <p>The Margaret Roper Primary School's Financial Policies and Procedures Manual states that, "The School Administrators or Bursar must check goods or services on receipt."</p> <p><b>Issue/Finding</b></p> <p>From a sample of 15 purchases selected for examination it was identified that in four cases there was no delivery note and that the invoice was not marked to confirm receipt of the goods or services.</p> <p><b>Risk</b></p> <p>Where there is no record of goods/services received checks being conducted, there is an increased risk that goods or services are received but are not in line with what was ordered or that invoices are paid although the School has not received the goods or services.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Agreed, and delivery notes will be retained / invoice will be marked accordingly. Whilst we completely agree with the control required, two of the items were items such that it was clear that the purchases had been received (one was for curtains in the hall, the other some landscaping work for the Salmon Garden).		Agreed	Finance Officer / Bursar / Administrator	Immediate

Audit Area: Information Governance

Priority	Recommendation 6	Detailed Finding/Rationale		
2	The School should ensure that its document retention policy is appropriately detailed and subsequently reviewed by the Governing Body.	<p><b>Expected Control</b></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><b>Issue/Finding</b></p> <p>Although the School had a Data Protection and Information Management Policy, this did not contain sufficient detail to assist staff to determine how long to hold documents for or the method/s of disposal.</p> <p><b>Risk</b></p> <p>Where the School does not have an appropriate document retention policy, there is a risk that documents including personnel records may not be held for the appropriate period of time or may not be disposed of in an inappropriate manner.</p>		
<p><b>Management Response</b></p> <p>The Data Protection and Information Management Policy is being reviewed by the Finance Committee to ensure it is appropriate and includes the appropriate Document Retention policy. It will be finalised and approved at FGB in 5<sup>th</sup> December 2017.</p>		<p><b>Agreed/Disagreed</b></p> <p>Agreed</p>	<p><b>Responsible Officer</b></p> <p>Finance Officer</p>	<p><b>Deadline</b></p> <p>December 2017</p>

**Audit Area: Income**

Priority	Recommendation 7	Detailed Finding/Rationale		
2	<p>The School should regularise its lettings by entering into formal contracts with the organisations that use the School's premises.</p> <p>The Lettings Policy should be appropriately amended to include a requirement or hirers to indemnify the School.</p>	<p><b>Expected Control</b></p> <p>Where School premises are let out to third parties, there should be a Lettings Policy which includes set hire charges to help ensure that all lettings are appropriate and that the return from these lettings exceeds the costs incurred. Furthermore, in order to mitigate the risk to the School through lettings, hirers should be bound to conditions which detail responsibility for health and safety and damage to the premises.</p>	<p><b>Issue/Finding</b></p> <p>A copy of the Lettings Policy dated May 2016 was obtained. Examination of the Policy established that there was no requirement for the hirer to indemnify the School and discussion established that there are no formal contracts for hire and that any income collected from lettings was donated on a voluntary basis.</p>	<p><b>Risk</b></p> <p>Where lettings occur and appropriate signed conditions of hire are not in place, there is a risk that income may not be collected and banked and that the School may be liable for insurance risks that occur.</p>
<b>Management Response</b>		<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>	<b>Deadline</b>
Agreed, the Lettings Policy has been reviewed and will be signed off at Finance Committee meeting on 13 <sup>th</sup> November 2017. This includes Letting Agreements which have been distributed to our four groups that use the premises and have been signed and returned accordingly.		Agreed	Finance Officer	November 2017

**Audit Area: Health and Safety**

Priority	Recommendation 8	Detailed Finding/Rationale		
2	The School should obtain a National Inspection Council for Electrical Installation Contracting (NICEIC) Emergency Lighting Test Certificate.	<p><b>Expected Control</b></p> <p>To provide assurance that the School is complying with Health and Safety requirements concerning emergency lighting the School should have a National Inspection Council for Electrical Installation Contracting (NICEIC) Emergency Lighting Test Certificate.</p> <p><b>Issue/Finding</b></p> <p>The School does not have a NICEIC Emergency Lighting Test Certificate.</p> <p><b>Risk</b></p> <p>Where the School does not have a NICEIC Emergency Lighting Test Certificate, the School cannot be confident that precautions have been taken in the event of a power cut.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Agreed, we are arranging for this to be carried out (liaising with the Diocese on this matter).		Agreed	Finance Officer	December 2017

Audit Area: School Fund

Priority	Recommendation 9	Detailed Finding/Rationale		
2	<p>The School's School Fund receipts and payments accounts should be presented to the Governing Body annually.</p>	<p><b>Expected Control</b></p> <p>The School Fund Accounts should be accurate in accordance with supporting documents and with the School's Financial Procedures. An annual receipts and payments statement for the account should be produced and represent a "true and fair view" for the accounting year. This is to be confirmed by an annual audit by a suitably independent person and submitted to the Governing Body.</p> <p><b>Issue/Finding</b></p> <p>The School's School Fund receipts and payments accounts for the year ending August 2016 have been produced and audited. However, these have not been presented to the Governing Body.</p> <p><b>Risk</b></p> <p>Where the audited statement of account for the School Fund is not presented to the Governing Body annually, there is a risk that the Governing Body may be unaware of the position of the School Fund bank account and if any actions therefore are required.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>The Audit Statement was presented and approved by the GB during the July 2017 FGB meeting, and this will be a standing agenda item for every Summer FGB going forward.</p>		Agreed	Finance Officer	Immediate

## 4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The New Governor Induction Pack should include the Croydon Scheme for Financing Schools, the School's Delegation of Authorisation Levels and the School's current year 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. 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, and the School's 2017/18 Budget,</p>
<p>2) The ToR for the Finance Committee should make reference to the School's Scheme for Financial Policies and Procedures Manual with regards to the Committees authorisation levels.</p>	<p>Examination of the Finance Committees ToR identified that there is no reference made to authorisation limits for virements and purchases or a reference for the ToR to be read in conjunction with the Schools Financial Policies and Procedures Manual.</p>
<p>3) A list of the staff authorised to certify invoices for payment should be maintained.</p>	<p>The School's Financial Policies and Procedures Manual states that, "The School maintains a list of staff authorised to certify invoices for payment." The Auditor was not provided a list of the staff authorised to certify invoices for payment.</p>
<p>4) Staff debt should be strongly discouraged and immediate action should be taken to recover outstanding debts.</p>	<p>School meals are required to be paid for in advance. In exceptional circumstances, it is recognised that some payments may be late and these may be paid in arrears, but this should not be normal practice. Staff incurring debt sets a poor example and must be strongly discouraged. Examination of a report of school meal debts as at 23 June 2017 identified that one staff member had School meal debts which totalled £2.79. While not significant, staff members should not have any meal debt. Where School meals for staff are not paid in advance and outstanding debts not collected in a timely manner, there is a risk that these amounts may not be recovered.</p>
<p>5) The End of Journey statement for the School Journey should be presented to Governing Body.</p>	<p>The Education Act 1996 Section 456 (3), in relation to charging for school trips, states that "A regulated charge shall not exceed the cost of provision of the optional extra or the board and lodging in question." In this regard, an end of journey statement should be signed by the preparer, evidenced as appropriately checked by a second independent officer, and then presented to the Governing Body. The School journey report for the 2014 trip to Normandy has not been presented to the Governing Body. However, it is scheduled to be presented in July 2017.</p>



# CROYDON

6) Laptop loan forms must be kept up-to-date.	<p>The Auditor was informed that the laptop loan forms are not kept up-to-date.</p> <p>Where laptop loan forms are not checked regularly, there is a risk of School's equipment not being properly accounted for.</p>
7) All sections of the accident book must be completed.	<p>The School is required to keep an accident book to record and monitor incidents.</p> <p>It was noted that the management section of the accident report was not completed.</p>



**Agreed Terms of Reference  
Margaret Roper RC 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	0	0
Procurement	0	2	1
Bank Accounts	0	0	0
Information Governance	0	1	1
Income	0	1	2
Health and Safety	0	1	1
School Fund	0	1	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:

<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.