

Final Internal Audit Report Winterbourne Nursery and Infants School July 2018

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

Assurance Level		Recommendations Made	
Limited Assurance	Direction of Travel from previous audit: Down from Substantial	Priority 1	1
		Priority 2	14
		Priority 3	3

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1. Introduction

- 1.1. Winterbourne Nursery and Infants School is a Community School and at the time of audit there were 484 pupils attending. It has an expenditure budget of approximately £2.6m 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

The School's Scheme of Delegation document and Finance Policy were both out of date and there was no evidence that these had been reviewed and approved by the full Governing Body within the last 12 months as required **(Rec 3)**.

Priority 2 Recommendations

The minutes of the Governing Body meeting held on 16 October 2017 were not available and not all the reports presented to the Governing Body were being retained with the respective minutes as required **(Rec 1)**.

The Governing Body meeting held on 12 June 2017 was not quorate, **(Rec 2)**.

Some of the answers to the School's SFVS self-assessment submitted to Croydon Council on 28 March 2017 conflicted with the findings of this audit, **(Rec 4)**

A skills matrix to assess the financial skills of governors and staff had not been completed, **(Rec 5)**.

There was a significant adverse change in the forecast outturn from a £414 surplus to a £35,939 deficit between quarters 2 and 3, due to forecast income not being achieved, **(Rec 6)**.

There was no evidence within the Governing Body minutes of the Schools staffing structure being reviewed in the last 12 months **(Rec 7)**.

The Pay Policy had not been evidenced as annually approved by the Governing Body **(Rec 8)**.

Two out of fifteen invoices examined had not been appropriately authorised **(Rec 9)**.

The School had not undertaken a benchmarking exercise in the last 12 months **(Rec 10)**.

There was no evidence that the Governing Body had approved the use of the procurement cards or that the officers' assigned cards had signed agreement forms **(Rec 11)**.

The School's Data Protection Policy was still draft and a document retention policy was not in place (Rec 12).

The School's Business Continuity Plan was incomplete and had not been approved by the Governing Body (Rec 13).

The School's Health & Safety Policy, dated Spring 2018, had not been approved by the Governing Body, (Rec 14).

The School does not have a premises maintenance plan (Rec 15).

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
- Finance Officer

3. Actions and Key Findings/Rationale

Audit Area: Governance

Priority	Recommendation 1	Detailed Finding/Rationale	Agreed/Disagreed	Responsible Officer	Deadline
2	<p>The Clerk to the Governors should ensure that all reports discussed at Governing Body meetings are retained with the Governing Body minutes.</p> <p>The minutes of the Governing Body meeting held on 16 October 2017 should be located.</p>	<p>Expected Control</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 15 (Minutes and Papers) require the governing body to make available for inspection by any interested person, a copy of— (a) the agenda for every meeting; (b) the signed minutes of every such meeting; and (c) any report or other paper considered at any such meeting.</p> <p>Issue/Finding</p> <p>Examination of the Governing Body meeting minutes and accompanying papers held at the School established that not all supporting documentation had been retained and that the minutes of the Governing Body meeting held on 16 October 2017 were not available.</p> <p>Risk</p> <p>Where Governing Body minutes and the reports discussed at Governing Body meetings are not available for inspection, there is a risk that the School may not be able to demonstrate that 'fair' and 'open' decisions have been made for the benefit of the School.</p>	Agreed	Headteacher and Chair of Governors	19 th April 2018
Management Response					
Due to the change in Clerking, the minutes of the 16 th October were not available for signing at the meeting following the 16 th October. This has been rectified and a 'Hard signed copy' is now in the Governors minutes folder, kept in the Headteacher's office.					

Priority	Recommendation 2	Detailed Finding/Rationale			
2	The identified Governing Body minutes should be critically reviewed and any decision/s made at the meeting, retrospectively ratified.	<p>Expected Control</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 14 states that the quorum for a Governing Body meeting is half of the number of governors (not including vacancies.)</p> <p>Issue/Finding</p> <p>Examination of the minutes of the Governing Body meeting held on 12 June 2017 noted that only four governors were present (and five governors were absent), yet the minutes of the meeting incorrectly recorded that the meeting was quorate.</p> <p>Risk</p> <p>Where Governing Body meetings are not quorate, there is a risk that the School may not be able to demonstrate that 'fair' and 'open' decisions have been made for the benefit of the School.</p>	Agreed/Disagreed	Responsible Officer	Deadline
Management Response					
Minutes of 12 June 2017 ratified at the governors meeting of the 22 nd May 2018. The School now uses the services of Governance Resolution for its clerking service.		Agreed	Chair of Governors	Ongoing	

Priority	Recommendation 3	Detailed Finding/Rationale						
1	<p>Both the School's scheme of delegation and the Finance Policy should be critically reviewed and, where appropriate, updated. These documents should be formally ratified by the Governing Body and then annually thereafter.</p>	<p>Expected Control</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 18.—(1)...the governing body may delegate any of its functions to— (a) a committee; (b) any governor other than a governor who is the head teacher; or (c) where the function being delegated does not directly concern the head teacher, the head teacher (whether or not that person is a governor).(3) The governing body must review the exercise of functions they have delegated, annually.</p> <p>Issue/Finding</p> <p>There was no evidence that either the School's scheme of delegation document, or the School's Finance Policy (which includes the scheme of delegation) had been reviewed and approved by the full Governing Body within the last 12 months.</p> <p>Examination of the School's scheme of delegation document, which was not dated, noted that this referred to a Resources Committee, but that the School did not have a Resources Committee.</p> <p>Furthermore, examination of School's Finance Policy (which includes the scheme of delegation), which was dated July 2015, note that this was also out of date, referring to the Resources Committee and staff no longer employed by the School.</p> <p>Risk</p> <p>Where the Scheme of Delegation is not reviewed and formally approved annually, there is a risk that decisions may be made without the appropriate delegated authority and of inadequate control over the financial management of the School.</p>						
Management Response	<p>Both the Finance Policy and Scheme of Delegation have been revised and approved at the Governing Body meeting 22 May 2018.</p>	<table border="1"> <thead> <tr> <th data-bbox="1109 896 1173 1344">Agreed/Disagreed</th> <th data-bbox="1109 560 1173 896">Responsible Officer</th> <th data-bbox="1109 224 1173 560">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1181 896 1284 1344">Agreed</td> <td data-bbox="1181 560 1284 896">Headteacher and Chair of Governors</td> <td data-bbox="1181 224 1284 560">May 2018</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Headteacher and Chair of Governors	May 2018
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Headteacher and Chair of Governors	May 2018						

Priority	Recommendation 4	Detailed Finding/Rationale
2	<p>Governors should critically review the Schools financial value standard (SFVS) and ensure that this correctly reflects the status of financial management within the School, (Governors may wish to refer to the following support notes https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/613474/SFVS_support_notes_2017-18_.odt)</p>	<p>Expected Control</p> <p>The schools financial value standard (SFVS) is a mandatory requirement for local authority maintained schools. The standard consists of 25 questions which governing bodies or management committees should formally discuss annually with the Head Teacher and senior staff. There is no prescription of the level of evidence that the governing body or management committee should require. The important thing is that governors and the management committee are confident about their responses.</p> <p>The SFVS will not be externally assessed. Local authority and other auditors will have access to the standard, and when they conduct an audit can check whether the self-assessment is in line with their own judgement. Auditors should make the governing body, the management committee and the local authority aware of any major discrepancies in judgements</p> <p>Issue/Finding</p> <p>Examination of the School's SFVS self-assessment submitted to Croydon Council on 28 March 2017 identified the following answers which conflict with the findings of this audit:</p> <ul style="list-style-type: none"> • Question 1 'In the view of the governing body itself and of senior staff, does the governing body 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?' was answered YES. But there was no skills matrix available for staff or governors. • Question 3, 'Is there a clear definition of the relative responsibilities of the governing body and the school staff in the financial field?' was answered YES. But the School's scheme of delegation document and the Finance Manual, dated July 2015, were out of date. • Question 7 'Does the school review its staffing structure regularly?' was answered YES. There was; however, no evidence that the Governing Body discussed and approved the school's staffing structure within the last twelve months. • Question 8 'Have your pay decisions been reached in accordance with a pay policy reflecting clear performance criteria?' The School's Pay Policy was dated

		<p>October 2015 and did not evidence review by the Governing body in the last 12 months.</p> <ul style="list-style-type: none"> • Question 14 'Does the school benchmark its income and expenditure annually against that of similar schools and investigate further where any category appears to be out of line?' was answered YES. There was no evidence that a benchmarking exercise had been conducted in the last 12 months. • Question 17 'Does the school maintain its premises and other assets to an adequate standard to avoid future urgent need for replacement?' was answered YES. The School did not have a maintenance plan outlining the premises maintenance requirements of the School. • Question 25 'Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?' was answered YES. But the School's business continuity plan, dated September 2017, was incomplete and was not evidenced as approved by the Governing Body. <p>Risk</p> <p>Where the SFVS self-assessment is not in alignment with the audit findings, there is a risk that Governors are not properly aware of failings in the Schools financial governance and that appropriate remedial actions will not be implemented.</p>		
Management Response	Agreed/Disagreed		Responsible Officer	Deadline
<ul style="list-style-type: none"> • Question 1But there was no skills matrix available for staff or governors. – Matrix for Governors and Staff now held on file and agreed on 22nd May meeting. • Question 3, But the School's scheme of delegation document and the Finance Manual, dated July 2015, were out of date. – Revised Scheme of Financial Delegation ratified by governors on 22nd May. • Question 7 '.... There was; however, no evidence that the Governing Body discussed and approved the school's staffing structure within the last 	Agreed		Chair of Governors and Head Teacher	Governors have created a schedule of when things need to be agreed or reviewed.

<p>twelve months. – School structure agreed 18th June and a group of governors will now look at the staffing structure for September 18 onwards.</p> <ul style="list-style-type: none"> • Question 8 '...The School's Pay Policy was dated October 2015 and did not evidence review by the Governing body in the last 12 months. – Pay Policy reviewed at Governors meeting of 19th April. • Question 14 '...There was no evidence that a benchmarking exercise had been conducted in the last 12 months. – Benchmarking review undertaken as part of the Governors meeting 22nd May. • Question 17 '....The School did not have a maintenance plan outlining the premises maintenance requirements of the School. 5 year plan agreed 18th June. • Question 25 '...But the School's business continuity plan, dated September 2017, was incomplete and was not evidenced as approved by the Governing Body. . – Business Continuity plan completed and agreed at the Governors meeting 22nd May. 			
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Audit Area: Budgetary Control & Monitoring

Priority	Recommendation 5	Detailed Finding/Rationale		
2	<p>The Governing Body and staff who have financial responsibilities should complete an assessment of their financial skills (in a skills matrix), which should be reviewed on an annual basis.</p>	<p>Expected Control</p> <p>The School Financial Value Standard (SFVS) question 1 asks 'In the view of the governing body itself and of senior staff, does the governing body 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?' The SFVS support notes detail that a skills matrix for staff and governors should be documented.</p> <p>Issue/Finding</p> <p>There is no skills matrix for governors or staff and thus there was no evidence that a proper assessment of the financial skills of governors and staff had been conducted.</p> <p>Risk</p> <p>Where the Governing Body and staff do not complete an assessment of their financial skills, there is a risk that governors and staff may not have the adequate skills to perform their roles effectively.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>Matrix for Governors and Staff now held and has been reviewed as a result some changes are going to be made as part of the staffing structure.</p>		<p>Agreed</p>	<p>Chair of Governors / Head Teacher and Financial Adviser</p>	<p>To be reviewed annually</p>

Priority	Recommendation 6	Detailed Finding/Rationale
2	<p>The variances in the income figures between the original budget set and the quarterly budget monitoring reports should be critically reviewed and the reasons for the variances appropriately analysed to ensure that these are properly understood to help inform future budget setting.</p>	<p>Expected Control</p> <p>The Schools Financial Value Standard, question 12 asks, 'Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?'</p> <p>The SFVS support notes further explains that, 'A balanced budget is one that will lead neither to an excessive surplus at the end of the year nor to a deficit. A budget is well-informed when it takes account of the best available information on all variables, such as pupil numbers and staffing changes. Setting an annual budget is an absolute requirement as part of the local authority's own budgeting arrangement (as set out in the local authority scheme for financing schools). Good financial management in schools is about keeping track of where the money is coming from and where it has gone and how best to make use of the remaining budget. Effective budget monitoring reports provide vital information about spending patterns that help management make realistic forecasts of year-end, under or overspends.'</p> <p>Issue/Finding</p> <p>Examination of the quarter 2 and 3 'Statement of Income & Expenditure' noted that there was a change in the forecast outturn from a £414 surplus to a £35,939 deficit. This adverse change of £36,353 was all due to a decrease in the revenue income, with a drop of £24k being noted on 'income from catering' and a drop of £27k being noted on 'Additional grant for schools'.</p> <p>Although it is acknowledged that there was uncertainty surrounding the early years element of the funding delegated by the Council, there should only have been minimal changes in the remainder of the income.</p> <p>Risk</p> <p>Where a well-informed budget is not set, there is a risk that the budget will not be achieved.</p>
Management Response		<p>Agreed/Disagreed</p> <p>Responsible Officer</p> <p>Deadline</p>

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<p>The school had received c.£25K profit share from the catering contractors in each of the past 2 years. There had been an expectation that this would continue. The catering provider, informed the school in February 2018 that this would not be the case in 2018. We now understand that this is a risk to the Budget and will be accommodated for all future projections. Governors are regularly reviewing the budget and when decisions are being made we now ask what if any impact does the decision have on the budget.</p>	Agreed	Head Teacher and Financial Adviser	Ongoing
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Audit Area: Payroll

Priority	Recommendation 7	Detailed Finding/Rationale		
2	<p>The School's staff structure should be approved by the Governing Body (or relevant Committee if delegated) and noted in the relevant meeting minutes. (Thereafter, this should be annually reviewed).</p>	<p>Expected Control</p> <p>The School Financial Value Standard question 7, asks whether the School has reviewed its staff structure regularly to help ensure that the current structure of the school can meet the needs of the pupils and also provide best value for the school.</p> <p>Issue/Finding</p> <p>There was no evidence in the Governing Body meeting minutes examined that the School's staffing structure had been reviewed in the last 12 months.</p> <p>Risk</p> <p>Where the School's staff structure is not reviewed and approved on an annual basis, there is a risk that the staff structure may not still be the best for the School.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>School structure 18th June Governors meeting. Work ongoing on a new structure as part of the budget recovery plan.</p>		Agreed	Headteacher and Chair of Governors	Ongoing

Priority	Recommendation 8	Detailed Finding/Rationale						
2	The Governing Body should review and approve the School's Pay Policy annually.	<p>Expected Control</p> <p>The Teachers Pay and Conditions document states that, 'All relevant bodies – both governing bodies and LAs where they are the relevant body, including for all unattached teachers – must have a pay policy. This should be linked to the appraisal policy. Pay and appraisal policies should be reviewed annually and kept up to date to take account of any uplift to the national framework and any legal changes or changes in the staffing structure which have an impact on discretionary pay decisions.'</p> <p>Issue/Finding</p> <p>Examination of the Governing Body meeting minutes from the previous 12 months established that the School's Pay Policy, dated October 2015, had not been evidenced as annually reviewed or approved.</p> <p>Risk</p> <p>Where School Pay Policy is not approved by the Governing Body, the School is in breach of legislation and there is a risk that this may not be in accordance with the full Governing Body's requirements.</p>						
Management Response	An updated pay policy will be agreed as part of the Autumn 2018 pay round.	<table border="1"> <thead> <tr> <th data-bbox="983 927 1046 1375">Agreed/Disagreed</th> <th data-bbox="983 591 1046 927">Responsible Officer</th> <th data-bbox="983 266 1046 591">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1046 927 1139 1375">Agree</td> <td data-bbox="1046 591 1139 927">Headteacher and Chair of Governors</td> <td data-bbox="1046 266 1139 591">October 2018</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agree	Headteacher and Chair of Governors	October 2018
Agreed/Disagreed	Responsible Officer	Deadline						
Agree	Headteacher and Chair of Governors	October 2018						

Audit Area: Procurement

Priority	Recommendation 9	Detailed Finding/Rationale
2	All future expenditure should be appropriately evidenced as approved in accordance with the School's Finance Policy Manual.	<p>Expected Control The Winterbourne Nursery and Infants School 'Finance Policy Manual at page 5 states that, 'The Headteacher authorises invoices as correct and valid for payment.'</p> <p>Issue/Finding Examination of a sample of 15 transactions found that in two instances the invoices had not been signed to certify these for payment.</p> <p>Risk Where transactions are not evidenced as approved in line with the 'Finance Policy Manual', there is a risk that authorisation requirements are bypassed and inappropriate expenditure may be incurred.</p>
Management Response		Agreed/Disagreed
We will ensure that all staff involved in financial transactions understand the importance of following the required financial procedures, with proper segregation of duties.		Agreed
		Responsible Officer
		Headteacher
		Deadline
		Ongoing

Priority	Recommendation 10	Detailed Finding/Rationale			
2	The School should complete a benchmarking exercise on an annual basis and report the results to the Governing Body.	<p>Expected Control</p> <p>The Schools Financial Value Standard (SFVS) Question 14 asks whether the School annually undertakes a benchmarking exercise of income and expenditure against that of similar schools and investigates any significant variances.</p> <p>Issue/Finding</p> <p>We were informed by the Finance Officer that a benchmarking exercise had not been undertaken.</p> <p>Risk</p> <p>Where the School does not undertake a benchmarking exercise on an annual basis, there is a risk that the School may not be aware of poorly performing areas or inefficient practices.</p>	Agreed/Disagreed	Responsible Officer	Deadline
Management Response		Agreed	Financial Adviser	July 2018	
Benchmarking review undertaken as part of the Governors meeting 22 nd May. Ongoing reviews planned as part of governor meetings.					

Audit Area: Bank Accounts

Priority	Recommendation 11	Detailed Finding/Rationale		
2	<p>The procurement cards should be evidenced as approved by the Governing Body.</p> <p>The officers using these procurement cards should sign an agreement governing the use of the cards.</p>	<p>Expected Control</p> <p>The Governing Body should approve the acquisition and use of procurement cards.</p> <p>Issue/Finding</p> <p>While it was confirmed that procurement cards were in use at the School, we were unable to confirm that the Governing Body had approved the use of these procurement cards or that the officers using these had signed an agreement.</p> <p>Risk</p> <p>Where the use of procurement cards is not formally approved by the Governing Body, there is a risk that the Governing Body fails to demonstrate adequate stewardship and control of the School's assets.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>There is an agreement form. This is in the school Finance Policy (approved 22nd May). We will ensure that the agreement that has been put in place is shared and approved with the Governing Body. This will be monitored by the Finance Governor. Relevant staff have been made aware.</p>		Agree	Headteacher	31 May 2018

Audit Area: Information Governance

Priority	Recommendation 12	Detailed Finding/Rationale
2	<p>The School's Data Protection Policy to be approved by the Governing Body.</p> <p>A document retention policy should be formulated, which should be approved by the Governing Body.</p>	<p>Expected Control</p> <p>The Data Protection Act 1998 regulates how personal information is used by organisations, businesses and the government. Everyone responsible for using data is required to make sure the information is processed in accordance with the data protection principles.</p> <p>Adopting strict information governance and retention policies acts as a preventative measure to prevent non-compliance with the Act.</p> <p>Issue/Finding</p> <p>The School has a draft Data Protection Policy, which is dated Spring 2018, but which has not been approved by the Governing Body.</p> <p>Furthermore, we were informed that the School does not have a document retention policy.</p> <p>Risk</p> <p>If the School does not have an approved Data Protection Policy in place, there is a risk that the staff may not be aware of and not comply with the required practices and that as a consequence the Data Protection Act 1998 is breached. If the School does not have a document retention policy, there is a risk that documents may not be held for the appropriate period or disposed of securely.</p>
Management Response		
Data Protection Policy agree at Governors meeting 17 th April. GDPR Policy agree 18 th June 2018.	Agreed	<p>Agreed/Disagreed</p> <p>Agreed</p> <p>Responsible Officer</p> <p>Headteacher and Chair of Governors</p> <p>Deadline</p> <p>June 2018</p>

Priority	Recommendation 13	Rationale
2	The School's Business Continuity Plan to be completed and approved by the Governing Body.	<p>Expected Control</p> <p>The School Financial Value Standard (SFVS) question 25 'Continuity or disaster recovery plans' asks, 'Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?' The SFVS support notes detail that, 'The plan must be kept up-to-date: any element of it that has become out of date is likely to be of no use in an emergency.'</p> <p>Issue/Finding</p> <p>The School has a business continuity plan dated September 2017, which is incomplete with several sections not yet completed. It has not been approved by the Governing Body.</p> <p>Risk</p> <p>Where an appropriate business continuity plan is not in place or approved by governors, there is a risk that the plan is not appropriate and that unexpected events and disasters may prevent the School from operating effectively.</p>
Management Response		
Business Continuity plan agreed at the Governors meeting 22nd May.	Agreed	<p>Responsible Officer</p> <p>Headteacher</p> <p>Deadline</p> <p>May 2018</p>

Audit Area: Health & Safety

Priority	Recommendation 14	Detailed Finding/Rationale
2	<p>The Governing Body should review and if appropriate approve the draft Health & Safety Policy.</p>	<p>Expected Control To provide assurance that the School is complying with the Health and Safety Executive's advice concerning health and safety requirements the School should have an appropriately approved health and safety policy.</p> <p>Issue/Finding The School's Health & Safety Policy, dated Spring 2018, had not been approved by the Governing Body.</p> <p>Risk Where the School does not have an appropriately approved health and safety policy, it cannot be sure that it is appropriate for the School or in line with governor's requirements.</p>
Management Response		Agreed/Disagreed
<p>Health and Safety Policy agreed at the Governors meeting 22nd May.</p>		<p>Agreed</p>
		Responsible Officer
		<p>Headteacher</p>
		Deadline
		<p>May 2018</p>

Priority	Recommendation 15	Detailed Finding/Rationale
2	The School should develop a premises maintenance plan, (preferably a 5 year plan, which is annually reviewed and, where appropriate, revised.)	<p>Expected Control</p> <p>In order to ensure that the school maintain its premises and other assets to an adequate standard to reduce the risk of urgent reactive repairs, an appropriate premises maintenance plan should be in place.</p> <p>Issue/Finding</p> <p>The School does not have a premises maintenance plan.</p> <p>Risk</p> <p>Where the School does not have a premises maintenance plan, the School cannot be confident that it is maintaining its premises in the most economical way.</p>
Management Response		
5 year School Condition Survey and Maintenance plan agreed at governors meeting 18 th June.	Agreed	<p>Agreed/Disagreed</p> <p>Agreed</p> <p>Responsible Officer</p> <p>Headteacher</p> <p>Deadline</p> <p>June 2018</p>

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The New Governor Induction pack should include the Croydon Scheme for Financing Schools, the School's 2017/18 Budget, the Governor's Guide to School Governance and a list of training available for Governors</p> <p><u>Updated response:</u> Induction pack being updated by Governors Clerk</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 Scheme For Financing Schools, the School's 2017/18 Budget, the Governance Handbook or a list of training available for Governors.</p>
<p>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> <p><u>Updated response:</u> New finance policy in place and being monitored by finance governor.</p>	<p>Croydon Council's Scheme For Financing Schools requires Governing Bodies to determine procedures that should include processes for placing orders</p> <p>Examination of the documentation relating to a sample of fifteen transactions identified that in one instance the order had been raised subsequent to the corresponding invoice being received by the School.</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>
<p>3) The Head Teacher should ensure that authorised officers checking that the goods/services have been received sign delivery notes/invoices accordingly.</p> <p><u>Updated response:</u> Response – New finance policy in place and being monitored by finance governor.</p>	<p>The Winterbourne Nursery and Infants School 'Finance Policy Manual at pages 4 and 5 states that "The Administrative Officer signs delivery notes and the Caretaker signs delivery notes in school holidays."</p> <p>In five cases the delivery notes, worksheet or invoices had either not been signed or had been signed by an unauthorised officer.</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>

Agreed Terms of Reference

Winterbourne Nursery and Infants 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	1	3	1

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