

# Final Internal Audit Report

## Regina Coeli Catholic Primary School

### January 2019

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

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

#### Confidentiality and Disclosure Clause

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

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

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## 1. Introduction

- 1.1. Regina Coeli Catholic Primary School is a Catholic Voluntary Aided School and at the time of audit there were 413 pupils attending. It has an expenditure budget of £2,001,141 for the 2018/19 year.
- 1.2. The audit was undertaken as part of the agreed Internal Audit Plan for 2018/19 based on a risk assessment. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

## 2. Key Issues

### Issue Arising in a Priority 1 Recommendation

Four governors were found to have out of date DBS checks, **(Issue 1)**.

10 out of 15 purchases selected for testing had purchase orders raised retrospectively to the receipt of the corresponding invoices, **(Issue 2)**.

### Issues Arising in Priority 2 Recommendations

A copy of the School's current bank mandate/ list of signatories was not held, **(Issue 3)**.

Review of a checklist of the various responsibilities and duties under current health and safety legislation identified that, whilst the School has a satisfactory overall level of compliance, some gaps were noted, **(Issue 4)**.

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: Payroll

Priority	Recommendation 1	Detailed Finding/Rationale		
1	DBS checks for governors should be promptly renewed every three years.	<p><b>Expected Control</b></p> <p>The School Governance (Constitution and Federations) (England) (Amendment) Regulations 2016 amended regulations to make Enhanced DBS checks mandatory for governors in maintained schools. It is the School's responsibility to ensure that DBS checks are renewed every three years in line with Council policy.</p> <p><b>Issue/Finding</b></p> <p>It was found that the DBS checks for four of the governors were more than 3 years old, with the oldest being almost five years old.</p> <p>It was advised that the governor terms had just ended, but that all governors had renewed their positions and that their DBS check renewals were in-process with the Diocese, who require several stages of processing to approve and renew a DBS check.</p> <p><b>Risk</b></p> <p>Where DBS checks are not obtained within an appropriate time frame in relation to Governor appointment, there is a risk that inappropriate individuals are being selected to govern the School, potentially causing a risk to the children.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>It has been agreed by the FGB that, as Governors' terms of office is 4 years therefore, DBS checks will be carried once confirmation is received that application to re-appoint has been agreed. The appointment will not be official until the new DBS has been cleared.</p> <p>The Chair of Governors states there is no risk as the checks carried out by the Diocese are</p>		Agreed	Diocesan Safeguarding Officer & School	All DBS checks in place with exception of 2 which are being processed. 31 <sup>st</sup> January 2019

numerous and very stringent. The appointment is only finally confirmed once all these checks including the DBS are in place.

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**Audit Area: Procurement**

Priority	Recommendation 2	Detailed Finding/Rationale
1	<p>For all cases, where costs relating to transactions can be identified in advance, management should ensure that purchase orders are raised and appropriately certified in advance of purchases being initiated.</p>	<p><b>Expected Control</b>                      Section D8 of the School's Finance Policy and Procedures Manual, 'Use of written pre-numbered order forms' details 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. Where urgency requires an oral order these must be confirmed with a written order.'</p> <p><b>Issue/Finding</b>                      The purchase orders were raised retrospectively to the receipt of the corresponding invoices, without explanations detailed, for 10 out of the 15 purchases sampled.                      For one order, an internal order of staff to the School from the Federation, there was no purchase order attached to the invoice.</p> <p><b>Risk</b>                      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>
<b>Management Response</b>		<p><b>Agreed/Disagreed</b>      <b>Responsible Officer</b>      <b>Deadline</b></p>

<p>This has been discussed and acknowledged that this is due to a lack of staffing. We will be looking at the resources within Finance and advertising if we can accommodate the financial implications on the budget.</p> <p>The internal order for staff was signed off by the Headteacher.</p> <p>To ensure we minimise this happening again we have discussed the implementation of draw down purchase orders being raised at the beginning of the financial year for key areas such as staffing, school journey, school trips, preferred coach companies, as we have for catering and papers based on Audits recommendation previously. Evidence that this has already been put in place has been sent via Egress</p> <p>It will be communicated with staff/budget holders to remind them that they must have a purchase order prior to ordering goods &amp; services.</p>	<p>Agreed</p>	<p>School Business Manager</p>	<p>31<sup>st</sup> March 2019</p>
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**Audit Area: Bank Accounts**

Priority	Recommendation 3	Detailed Finding/Rationale
2	<p>The School should obtain confirmation that the requested changes to the authorised bank signatories have been processed and a copy of the current bank mandate/ list of signatories obtained.</p>	<p><b>Expected Control</b>                      The Croydon Scheme for Financing School's section '3.5.1 Restrictions on accounts' details that, 'it is anticipated that signatories for bank accounts would be employees of the school and would not include governors unless they are also employees of the school. . The school will also not use debit cards or in any other way bypass the requirement for two signatories for any transaction.'</p> <p>The Audit Commission guidance 'Keeping Your Balance, Standards for Financial Management in Schools' standard G3 states that, "The head teacher should maintain a list of all bank and building society accounts held and the signatories for each."</p> <p><b>Issue/Finding</b>                      The School did not evidence a current bank mandate/ list of signatories at the time of audit, although a copy of a request for a change of signatories was provided.</p> <p><b>Risk</b>                      Where the School does not have a current bank mandate/ list of signatories, there is a risk that departed members of staff are still authorised to access the School's bank account.</p>
<b>Management Response</b>		<b>Agreed/Disagreed</b>
This is in process.		Agreed
		<b>Responsible Officer</b>
		School Business Manager
		<b>Deadline</b>
		31 <sup>st</sup> January 2019



**Audit Area: Health and Safety**

Detailed Finding/Rationale	
Priority	Recommendation 4
2	<p>The checklist of the various responsibilities and duties under current health and safety legislation should be reviewed by the School with any identified gaps addressed as soon as possible.</p> <p><b>Expected Control</b> The Health &amp; Safety at Work Act 1974, its subordinate legislation, The Regulatory Reform (Fire Safety) Order 2005, Control of Asbestos Regulations 2012 and other related legislation, place responsibilities on school governing bodies for the correct management of building-related risks.</p> <p><b>Issue/Finding</b> A checklist of the various responsibilities and duties under current health and safety legislation (as they relate to the maintenance, statutory compliance and repair upkeep of school buildings) was reviewed as part of the audit. Whilst it was evidenced that the School has a good overall level of compliance, a number of gaps were noted including:</p> <ul style="list-style-type: none"> <li>- A lack of fire safety training for staff induction programmes.</li> <li>- A lack of implementation of all actions identified in dangerous substances risk assessments and electrical tests and inspections.</li> <li>- Records not being kept of the regularly monitoring duties in the management plan and asbestos register.</li> <li>- A glazing risk assessment was not in place.</li> <li>- There was no traffic management plan.</li> </ul> <p><b>Risk</b> Where the School does not review its responsibilities and duties under current health and safety legislation and carry out works to ensure that it is compliant, there is an increased risk that all required maintenance is not identified and completed, leading to a risk that harm could come to children and staff when present in the School grounds.</p>
Management Response	Responsible Officer
Agreed/Disagreed	Deadline
In this area we would like it noted that the Health, Safety & Welfare committee meet termly and their	Governing Body Site Supervisor
Partial	On-going

remit is extensive regarding the safety of staff, pupils, parents and visitors.

They regularly review risk assessment, asbestos and legionella registers.

They carry out on-site health & safety audits of the grounds and premises.

**Fire Safety** is a standing item on the agenda for this committee where it is discussed the amount of practice and drills taken place. Staff training/debrief afterwards on any issues that have arisen.

This committee also looks at risk assessments and inspections that have been carried out – so will discuss at their next meeting the points raised in this audit and how to address them.

**Glazing Risk Assessment**

We do not currently have one in place but would be grateful if Audit could send us an exemplar of a couple to look at.

**Traffic Management Plan**

We do not currently have one in place. In the 5 years management at RC we have not had any incidents. The only access through the car park is when parents are coming to notify the office or for meetings. There is a black and white cross roads for single access only. Pupils do not enter the school building through the car park.

However, again we would be grateful if you could send us an exemplar to look at.

#### 4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The governor's induction pack should be amended to also include a copy of the School's budget for the current financial year, the Scheme for Financing Schools, and the School's delegation of authorisation levels.</p> <p><u>Management Response:</u> We will discuss adding these to the Governors Induction Pack.</p> <p>We wanted to highlight that new Governors are advised of these areas at their first FGB meeting.</p>	<p>The Department for Education produces a governance handbook as an essential resource for governors and trustees designed to outline the roles and responsibilities for governors including the legal duties of the governing board for all state schools in England. This pack should be supplemented with up-to-date information about the School of which the governors are being inducted into.</p> <p>The School's governors induction pack did not include: the Croydon Scheme For Financing Schools, School's delegation of authorisation levels, or the School's current budget.</p> <p>Where the governor's induction pack is incomplete, there is a risk that governors may not be properly informed regarding their duties and the School, and be unable to govern the School's finances efficiently.</p>
<p>2) The Finance Committee Terms of Reference should be reviewed to ensure that it details the expenditure authorities delegated to the Head Teacher and information regarding the disposal of assets.</p> <p><u>Management Response:</u> These will be added.</p>	<p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 part five section 22 states that, 'the governing body must determine the constitution, membership and terms of reference of any committee they decide to establish and review them annually.' This information should include</p> <p>The Terms of Reference for the School's Finance Committee did not include the expenditure authorities delegated to the Head Teacher, nor information regarding the disposal of assets.</p> <p>Where the information detailed in the Committee terms of reference is incomplete, there is a risk that the Committee may not be aware of all the components which fall under the Committee's responsibilities, and may not adequately fulfil all duties required.</p>
<p>3) Staff resignations should be acknowledged in writing, with the last working day formally confirmed.</p> <p><u>Management Response:</u> We will keep electronic copies in folder on computer.</p>	<p>It is good practice that staff resignations are acknowledged in writing, with the last working day formally confirmed.</p> <p>The School does not maintain letters of acknowledgement of resignation on file for staff who have left the School.</p>

Recommendation	Findings
	Where the School does not have letters of acknowledgement of resignation from the Head Teacher on file for leavers at the School, there is a risk that the final leaving date may be disputed.
<p>4) The School should include income in their benchmarking exercise and conduct this annually.</p> <p><u>Management Response:</u> Will be referred to the Finance Committee to discuss the benefit of benchmarking income which is set by external resources.</p>	<p>Question 14 in the SFVS asks '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?'</p> <p>Although it was evidenced that the School had completed a benchmarking report, dated October 2017, this was just over 12 months ago and did not include income comparisons.</p> <p>Where the School does not regularly benchmark all aspects of income and expenditure against similar schools, there is a risk that poorly performing areas are not identified for corrective action to be taken and the use of the schools budget to be maximised</p>
<p>5) The School should ensure they do not have outstanding unreconciled items for periods greater than six months.</p> <p><u>Management Response:</u> Noted – the risk is more for the receiver than the school.</p>	<p>The School has an unreconciled item, which is greater than six months old, namely a payment to Croydon Council, for £17,482.53, dating back to the 21 May 2018.</p> <p>Where the School has outstanding unreconciled items for periods greater than six months, there is a risk that cheques to be received or paid will not be accepted by the bank.</p>
<p>6) The School should ensure they review their staffing structure annually.</p> <p><u>Management Response:</u> Headteacher reviews with Staffing Committee every term the staffing requirements of the schools. The most recent Staffing Structure was taken to Governing Body in Nov 2017 and implemented in January 2018. The whole process takes approximately 6 months and therefore, the GB feels it is a waste of resources/unrealistic to carry out</p>	<p>The School has not reviewed their staffing structure within the last 12 months.</p> <p>Where the School doesn't review their staffing structure annually, there is a risk that the optimal staff structure is not in place.</p>

Recommendation	Findings
<p>annually especially as the school population is stable, the education needs are stable and has been for a 2-3 year period.</p>	

## AUDIT TERMS OF REFERENCE

### Regina Coeli Catholic Primary School – 2018/19

#### 1. INTRODUCTION & BACKGROUND

- 1.1 This audit is being undertaken as part of the Internal Audit Plan for 2018/19, as agreed by the Council's Audit Committee.

#### 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	0	2
Budgetary Control & Monitoring	0	0	0

Payroll	1	0	2
Safeguarding	0	0	0
Procurement	1	0	1
Bank Accounts	0	1	1
Information Governance	0	0	0
Income	0	0	0
Health and Safety	0	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:

<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.



## **STATEMENT OF RESPONSIBILITY**

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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