

Final Internal Audit Report

Virgo Fidelis Covent Senior School

November 2018

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	
No Assurance	Direction of Travel from previous audit: Down from Limited	Priority 1	11
		Priority 2	13
		Priority 3	3

Confidentiality and Disclosure Clause

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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. Virgo Fidelis Convent Senior School is a Roman Catholic Voluntary Aided School and at the time of audit there were 589 pupils attending. It has an expenditure budget of approximately £3.6m for the current financial year.
- 1.2. Due to a year-end overall adverse variance on the 2013/14 budget of £169,530, the School set a licensed deficit budget for 2014/15 of £140,871, which increased to £607,618 at the end of 2015/16. On 27 November 2015 a loan agreement was entered into with the Council for £595,780. The School's deficit position has subsequently continued to worsen, with a cumulative deficit at the end of 2017/18 of £1.24m.
- 1.3. Following retirement of the previous Head Teacher in March 2017, the School has had 2 interim Head Teachers prior to the current Head Teacher commencing duties from 4 June 2018.
- 1.4. 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

Issues resulting in Priority 1 Recommendations

Signed Governing Body minutes and accompanying papers were not available for meetings held since 26 September 2017, (**Recommendation 1**).

There was no evidence that the Governing Body had reviewed and approved the Schools 'Financial Policies and Procedures Manual', which includes the School's scheme of financial delegation, in the last year as required, (**Recommendation 3**).

The School's self-assessment for 2017/18 against the School Financial Value Standard was not evidenced as approved by governors as required and a number of the assertions in this assessment by the School conflict with the findings of this audit report, (**Recommendation 4**).

The School does not have a plan in place to eliminate its deficit of £1.24m. (**Recommendation 6**).

Two references were not evidenced as being obtained for 3 of the 5 new staff starters, (**Recommendation 9**).

5 of the current governors were not included in the School's Single Central Record and DBS renewal checks, although in progress, were overdue for 16 staff, (**Recommendation 10**).

Purchase orders were not available for 8 of the 14 applicable transactions tested and 3 of the purchase orders available were authorised by someone without the delegated authority to do so, **(Recommendation 12)**.

Goods received checks were not evidenced for 5 of the 14 applicable transactions tested and for 5 of the instances where checks were evidenced, these were simple ticks and did not record who had conducted the check, **(Recommendation 13)**.

8 of the 15 invoices tested were either not evidenced as authorised or were not evidenced as authorised with someone with delegated authority to do so, **(Recommendation 14)**.

Sample testing identified off-payroll payments being made to an individual who would be deemed by HMRC to be an employee, **(Recommendation 15)**.

The Head Teacher did not have any oversight of lettings and copies of the lettings diary, any letting application forms and accompanying indemnity insurance evidence were not available at the time of audit, **(Recommendation 24)**.

Priority 2 Recommendations

The terms of reference of the Pay, Admissions, HT Performance Review and Appeal Committees were not evidenced as approved by the Governing Body in the last 12 months as required, **(Recommendation 2)**.

Current declarations of business interests were not held for all governors, **(Recommendation 5)**.

Virements were not being evidenced as authorised in line with the Schools 'Financial Policies and Procedures Manual' **(Recommendation 7)**.

Not all staff with financial responsibilities or all governors had recently completed a skills/ competencies matrix to assess their capabilities, **(Recommendation 8)**.

The Schools Pay Policy was not evidenced as reviewed in the last 12 months by governors, **(Recommendation 11)**.

There was no evidence of a formal benchmarking exercise being conducted in the last 12 months or of this being reported to governors, **(Recommendation 16)**.

A copy of the bank's authorised signature listing was not available, although correspondence with the bank was provided, **(Recommendation 17)**.

The School is using BACs, which is not permitted by the Croydon Scheme for Financing Schools and which has inherent security flaws, **(Recommendation 18)**.

The School's newly appointed Data Protection Officer (DPO) was still processing the relevant documentation and was not yet in a position to properly explain the Schools readiness for the Data Protection Act 2018 and the General Data Protection Regulation, although it was acknowledged that work had been conducted to ready the School for these, **(Recommendation 19)**.

The School's Business Continuity Plan was dated 2015 and did not evidence subsequent review, (**Recommendation 20**).

There was no register to record the daily issue of laptops and loan agreements were not in place for longer loans, (**Recommendation 21**).

The USB memory sticks in use, albeit by a small number of restricted users, were not encrypted, (**Recommendation 22**).

The checklist of the various responsibilities and duties under current health and safety legislation highlighted some gaps, which should be addressed as soon as possible (**Recommendation 23**).

Priority 3 recommendations are included under item 4 below.

Acknowledgement

We would like to thank the following members of staff for their time and contribution to this audit:

- Head Teacher
- School Business Manager

3. Actions and Key Findings/Rationale

Audit Area: Governance and Leadership

Priority	Recommendation 1	Detailed Finding/Rationale	Agreed/Disagreed	Responsible Officer	Deadline
1	<p>The missing signed minutes and accompanying papers should be located.</p> <p>Copies of signed minutes, accompanying papers, and the agendas of full Governing Body and Committee meetings should be available upon request as soon as reasonably practicable.</p>	<p>Expected Control</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 3 states that, 'the governing body must, as soon as reasonably practicable, 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>The last set of signed Governing Body minutes available at the School were for the meeting of the Governing Body held on 11 July 2017. Unsigned minutes of the Governing Body meeting held on 26 September 2017, along with the accompanying papers were available, as well as electronic copies of the subsequent Governing Body meeting minutes (but no accompanying papers were available). Likewise, copies of signed Committee minutes and accompanying papers for the same period were not available.</p> <p>Risk</p> <p>Where the School are unable to reproduce a copy of the signed minutes and other papers considered at Governing Body and Committee meetings, it is in breach of the School Governance (Roles, Procedures and Allowances) (England) Regulations 2013. Furthermore, the School is unable to demonstrate appropriate governance or openness and transparency.</p>	Agreed	Clerk to the Governors, HT, Head's PA	November 2018
Management Response		Agreed/Disagreed	Responsible Officer	Deadline	
We are currently locating all minutes so that they can be signed by our current Chair. It has been		Agreed	Clerk to the Governors, HT, Head's PA	November 2018	

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<p>noted that all minutes for all meetings will be signed and kept securely at School</p> <p><i>Our Vice Chair has been appointed Chair of Govs. Once all the minutes have been located she will confirm them by signing them. This action has been provided by HR firm 'Octavo'. Heads PA to collate those in advance of meeting 6th Nov. PHA to call Heads PA on 1st or 2nd Nov to check up on this</i></p>			
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Priority	Recommendation 2	Detailed Finding/Rationale		
2	<p>The Governing Body should review all committee terms of reference annually as required by the School Governance (Roles, Procedures and Allowances) (England) Regulations 2013.</p>	<p>Expected Control</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.'</p> <p>Issue/Finding</p> <p>Examination of the copies of Governing Body meeting minutes for the last year confirmed that, while the terms of reference for the Education and Resources committees were reviewed and approved at the meeting held on 12 June 2018, the terms of reference for the Pay, Admissions, HT Performance Review and the Appeal Committees had not been reviewed since 11 July 2017.</p> <p>Risk</p> <p>Where committee terms of reference are not annually reviewed by the Governing Body as required, the School is in breach of the School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 and there is a risk that the roles and responsibilities of these Committees may no longer be appropriate.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>The HT is currently reviewing all TOR to make sure the school is fully compliant. Policies will be updated at the next Governors' meeting (6.11.2018) and at the next FGB (6.12.18) and a compliance tracker is now in place which means that updates will be reviewed and actioned regularly.</p> <p><i>Safeguarding & trips policies were ratified in summer term govs meeting. HT is in the process of being trained on the support system via THE KEY. The School now used the compliance tracker for school policy compliance. The formal</i></p>		Agreed	HT	December 2018

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<p><i>updating of policies will be completed in two tranches, see the comment above. Priority will be to address the most urgent on 6th Nov, e.g. staffing & finance related</i></p>			
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Priority	Recommendation 3	Detailed Finding/Rationale		
1	<p>The Governing Body should review the School's 'Financial Policy and Procedures Manual' as soon as possible and then annually thereafter.</p> <p>This should be clearly minuted in Governing Body meeting minutes.</p>	<p>Expected Control</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 18 state that, '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). (2) Where the governing body has delegated functions, this does not prevent the governing body from exercising those functions. (3) The governing body must review the exercise of functions they have delegated, annually.'</p> <p>Issue/Finding</p> <p>Examination of the Governing Body minutes of the last 12 months was unable to evidence that the School's 'Financial Policy and Procedures Manual', which includes the School's Scheme of Financial Delegation, was reviewed in the last 12 months as required.</p> <p>Examination of the School's 'Financial Policies and Procedures Manual' found that this was detailed as last approved by the Governing Body in March 2015.</p> <p>Risk</p> <p>Where the School's 'Financial Policy and Procedures Manual', which includes the School's Scheme of Financial Delegation, has not been approved in the last 12 months, the School is in breach of the School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 and there is a risk that the policies in place are inappropriate to manage the School's finances.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>Financial procedures manual including scheme of Financial Delegation have been updated and will be ratified at governors resources meeting 6th November 2018.</p> <p><i>This will be included in the meeting preparation documents for govs meeting</i></p>		Agreed	SBM	November 2018

Priority	Recommendation 4	Detailed Finding/Rationale
1	<p>The 2018/19 SFVS return should be critically reviewed by the Governing Body, particularly in light of recommendations raised in this report, and appropriately approved prior to being submitted to the Council by the 31 March 2019 deadline.</p>	<p>Expected Control</p> <p>The 'Croydon Scheme for Financing Schools' paragraph 2.16 details that, 'All local authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis.</p> <p>The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.</p> <p>It is for the School to determine at what time in the year they wish to complete the form. Governors must demonstrate compliance through the submission of the SFVS assessment form approved by the Full Governing Body and signed by the Chair of Governors. All maintained schools with a delegated budget must submit the form to the local authority before 31 March and annually thereafter.'</p> <p>Issue/Finding</p> <p>Examination of the Governing Body minutes noted that, while the School's SFVS return was discussed under 'Any other business' at the meeting held on 20 March 2018, where it was agreed to 'e-mail the SFVS to Governors', there was no evidence of this being approved by governors.</p> <p>Examination of the School's SFVS return e-mailed to the Council on 28 March 2018 found that this had not been signed. Furthermore, the School's assessment of a number of the SFVS questions were not in line with the findings of this audit report, for example:</p> <ul style="list-style-type: none"> For question 3 'Is there a clear definition of the relative responsibilities of the governing body and the school staff in the financial field?' the School detailed that, 'Yes - All staff are aware that any expenditure has to be authorised by the Head Teacher, and the Business Manager, before any orders can be placed. Any expenditure exceeding £1,000 will be supported by three quotes and expenditure that exceeds £5,000 must also be approved by the Chair of Governors. The School also has a Pay and Personnel Committee responsible for monitoring payroll costs and the Pay Policy.' However, the 'Financial Policy and Procedures Manual', which has not been annually

		<p>reviewed by the Governing Body as required, details that the Head Teacher's delegated limit is £10k and, as evidenced by recommendations 12 and 14 in this report, expenditure over this limit was not evidenced as approved by either the Resources Committee or Governing Body as required. Furthermore, the School's Pay Policy was not evidenced as annually approved as required.</p> <ul style="list-style-type: none"> For Question 12, 'Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?' the School detailed that, 'Yes - The school is currently working with a large deficit budget, a loan has been agreed with Croydon, and the School is doing everything it can to reduce the deficit, and repay the loan from Croydon. The main aim is to start working with a surplus budget again.' However, recommendation 6 details that the School does not yet have a plan in place to eliminate its deficit. For 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?' the School detailed that, 'Yes - this is done regularly.' However, recommendation 16 details that the School has not conducted any benchmarking in the last year. <p>It is acknowledged that the Internal Audit was conducted in October 2018, while the SFVS return was completed in March 2018, notwithstanding it is held that the School's assessment was not accurate.</p> <p>Risk</p> <p>Where the School fails to correctly complete and appropriately approve the annual SFVS self-assessment return, the School is in breach of the 'Croydon Scheme for Financing Schools' and there is a risk that the Governors are unaware of the School's control environment and where additional resources should be focused for improvement and prevention.</p>	
Management Response	Agreed/Disagreed	Responsible Officer	Deadline
<p>There is a plan to eliminate the deficit this is currently being updated and reviewed and will be presented to Croydon LA in December. The plan in draft form will be presented to governors at resources meeting 6th November.</p>	<p>Agreed</p>	<p>SBM</p>	<p>Plans in place by November 2018</p>

<p>Benchmarking was carried out by Business Manager and acted on – This will be brought to resources committee meeting 6th November 2018 to be ratified.</p> <p>The School is producing a plan to reduce costs in the short term and the long term. This will inevitably mean a reduction in staffing to allow for the numbers of students currently at the School. This plan will be brought to the governing body on 6.11.2018 with a clear explanation of the factors the School is currently facing and its context.</p> <p>Business Manager has reviewed all premises contracts comparing prices paid to last school worked at and reduced costs.</p> <p>IT contracts were reviewed in January 2018 and any contracts deemed not to be needed were cancelled as a result saving in excess £15k per annum for future years.</p> <p>Energy is an area highlighted by business Manager as being an area of concern – Too high a proportion of funding is spent on energy on a per pupil basis due to premises being suitable for higher student numbers. We are working on teaching and learning in order to attract more students. DEC certificate has recently been renewed which has highlighted areas where possible energy efficiencies can be carried out. The School is working on ways to fund some of these improvements (window replacement, LED lighting and roof insulation).</p>			
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Priority	Recommendation 5	Detailed Finding/Rationale
2	<p>Declarations of business interests should be obtained for the four identified governors and reviewed for the two governors whose declarations are over a year old.</p> <p>Declarations should be obtained for all future governors and are annually reviewed as required.</p>	<p>Expected Control</p> <p>The 'Croydon Scheme for Financing Schools' paragraph 2.9 details that, 'Governing bodies shall maintain a register which lists for each member of the governing body, the head teacher and budget holders, any business interests they or any member of their immediate family have; details of any other educational establishments that they govern and any relationships between school staff and members of the governing body. 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. The register must be available for inspection by governors, staff, parents and the LA and the register should be published, for example on a publicly accessible website.'</p> <p>Issue/Finding</p> <p>Comparison of the current governors, (as per the minutes of the meeting of the Governing Body meeting held on 12 June 2018) to the declaration of business interests held identified that:</p> <ul style="list-style-type: none"> - Declarations of business interests were not held for four governors. - The declarations of business interests held for two governors were both dated 26 September 2017, over a year ago. <p>Risk</p> <p>Where not all governors have signed declarations of pecuniary interests, the School is in breach of the Croydon Scheme for Financing Schools. Furthermore, there is a risk that conflicts of interest may not be detected and that the School may be unable to demonstrate openness and transparency.</p>
Management Response	Agreed/Disagreed	Responsible Officer
Declaration of pecuniary interest were requested of all governors at FGB in September 2018 any Governor not present will be requested to sign the register at subsequent meetings. The register will be made available on the new School website.	Agreed	Head's PA
		December 2018

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<p><i>HTs PA to provide updated list of those who have or are yet to complete the declaration.</i></p> <p><i>Gov body membership has been changed/reviewed. Those whose attendance has been erratic have been contacted to review their future membership. HT/Chair of Gobs to provide update governor lists/committee members for FGB meeting 6th Dec.</i></p>			
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Audit Area: Budget Monitoring

Priority	Recommendation 6	Detailed Finding/Rationale
1	The School should continue to reduce its deficit and work towards a plan to eliminate it.	<p>Expected Control</p> <p>The Croydon Scheme for Financing Schools paragraph 4.9 details that, 'In certain circumstances, a school may plan for a deficit budget, with the agreement of the LA only if there:</p> <ul style="list-style-type: none"> - is a significant unforeseen decrease in pupil numbers - is a significant over-projection in pupil numbers. - are extreme circumstances that could not be foreseen or catered for by the School. <p>The School must agree an action plan with the LA (authorisation from the Executive Director of Resources and Section 151 Officer) in order that a non-deficit budget can be set at the end of a specified period.'</p> <p>Issue/Finding</p> <p>The approved budget for 2018-19 included a cumulative deficit of £1.45m (the brought forward deficit was £1.24m). Although a five year budget plan had been drafted, this does not eliminate the budget over the five year period, although it does decrease to £1.048m by 2022-23.</p> <p>Internal Audit is aware that the School is actively working to reduce the budget and is working with the Council in this regard. Notwithstanding, a plan to eliminate the deficit is not yet in place.</p> <p>Risk</p> <p>Where there is no plan in place to eliminate the School's deficit, the School is in breach of the Croydon Scheme for Financing Schools and there is a risk that the School may be unable to demonstrate that it is financially viable.</p>
Management Response		Agreed/Disagreed
Please see actions in section 4. This budget proposal is radical but will work. There was a plan in place to reduce and ultimately eliminate		<p>Agreed</p> <p>Responsible Officer: HT, SBM</p> <p>Deadline: Short term plan from Sept 2018-2019</p>

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the School's deficit as presented to Croydon LA in May 2018. Since that point a number of factors have meant that the deficit has increased, but the School has clearly explained this in the budget plan and actions are now being taken to address this.

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Priority	Recommendation 7	Detailed Finding/Rationale		
2	<p>Any future virements should be evidenced as authorised in line with the requirements of the School's Financial Policies and Procedures Manual.</p>	<p>Expected Control</p> <p>The School's Financial Policies and Procedures Manual, section A3: Financial limits of delegated authority details that the Head Teacher can approve virements up to £10k and the Finance and General Purposes Committee can approve virements up to £50k, with all other virements being approved by the Governing Body.</p> <p>Issue/Finding</p> <p>Examination of the 2017/18 budget noted various differences between the original and current budgets, i.e. budget virements, (the largest being an increase of the E27 – Brought in Professional Services – Curriculum of £70,572); however, evidence of these being appropriately approved was not available.</p> <p>No budget differences (i.e. virements) were noted for the 2018/19 budget at the time of audit in October 2018.</p> <p>Risk</p> <p>Where virements are not approved in line with the School's Financial Policies and Procedures Manual, there is a risk that inappropriate virements may have occurred, which may be used to disguise budget overspends.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>Financial procedures manual including scheme of Financial Delegation has been updated in line with Auditor recommendations so that it is practical and workable and will be ratified at governor's resources meeting.</p> <p>Any budget differences will be agreed and signed off by governors in future.</p>		Agreed	SBM	From Nov 2018 onwards

Priority	Recommendation 8	Detailed Finding/Rationale
2	<p>All staff with financial responsibilities and all governors should complete a 'Skills, Knowledge and Experience in' or similar self-assessments.</p>	<p>Expected Control The statutory Schools Financial Value Standard (SFVS) (question 1) asks whether the 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, and (question 2) that the finance committee chair is appropriately experienced in financial skills and management. In order to complete this assessment it is expected that Governors and also staff with financial responsibilities complete a self-assessment of their financial skills.</p> <p>Issue/Finding It was confirmed that three of the current governors had recently (all dated September 2018) completed 'Skills, Knowledge and Experience in' self-assessments, but these were not available for the remainder of the governors. A similar self-assessment was not available for staff.</p> <p>Risk Where 'Skills, Knowledge and Experience in' self-assessments are not completed for all members of the Governing Body and staff with financial responsibilities, there is a risk that governors and staff collectively may not have appropriate skills to perform their role effectively.</p>
Management Response		
<p>All staff are completing assessment. HTs PA is addressing this and will provide the Govs with update at FGB meeting 6th Dec.</p>	<p>Agreed</p>	<p>Agreed/Disagreed</p> <p>Responsible Officer</p> <p>Head's PA</p> <p>Deadline</p> <p>December 2018</p>

Audit Area: Payroll

Priority	Recommendation 9	Detailed Finding/Rationale		
1	<p>Two references should be obtained for each new staff member, before their employment commences.</p>	<p>Expected Control</p> <p>The 'Safeguarding children and safer recruitment in education' statutory guidance paragraph 3.22 states that, 'Employers should use an application form to obtain a common set of core data from all applicants' and paragraph 3.45 states that, 'An offer of appointment to the successful candidate should be conditional upon the receipt of at least two satisfactory references.'</p> <p>Issue/Finding</p> <p>Examination of the personnel files for a sample of five recently appointed staff found that two of these staff did not have any references retained on file and one only had one reference. Furthermore, as references were not always dated it was not always possible to confirm that these were obtained prior to the commencement of employment.</p> <p>Risk</p> <p>Where two references are not obtained prior to employment, there is a risk that the School may hire based upon false pretences, which could lead to endangerment of children or unqualified personnel obtaining employment.</p>	<p>Agreed/Disagreed</p> <p>Agreed</p>	<p>Responsible Officer</p> <p>Head's PA</p> <p>Deadline</p> <p>December 2018</p>
<p>Management Response</p> <p>These references are currently being sought so that records are up to date.</p> <p><i>HTs PA is sorting this one out.</i></p> <p><i>HT will set out a summary page for staff personnel files that gives a basic check list for employment process. That can then cross reference to Single Central Register. Starting with recently appointed staff, personnel files will be updated.</i></p>				

Priority	Recommendation 10	Detailed Finding/Rationale
1	<p>DBS checks for members of staff and governors should be promptly conducted and renewed every three years. Evidence of this should be retained.</p> <p>The School's Single Central Record should be updated accordingly.</p>	<p>Expected Control</p> <p>School Staffing (England) Regulations 2003, as amended, paragraph 11 (3) require that for all new appointments, 'An enhanced criminal record certificate issued pursuant to Part V of the Police Act 1997 must be obtained in respect of any such person before or as soon as practicable after his appointment'. It is the school's responsibility to ensure that DBS checks are renewed every three years in line with Council policy.</p> <p>The School Governance (Constitution and Federations) (England) (Amendment) Regulations 2016 makes DBS checks mandatory for governors in maintained schools. It states '16A.—(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>Examination of the copy of the School's Single Central Record provided at time of audit established that:</p> <ul style="list-style-type: none"> • There were 16 staff members who had not had their DBS check renewed in the last three years, some not having been renewed in six years. It was confirmed that the School was in the process of renewing these, but that this process was not yet complete. • Ten of the governors (as per the list of governors provided) were not included on the Single Central Record. It was acknowledged that some of these governors were appointed in September, not withstanding, these governors should have been added to the register. <p>Risk</p> <p>Where DBS renewals and checks are not conducted as required, there is a risk that any changes in DBS status that may have occurred will not be detected in a timely manner, leading to a risk to the safeguarding of children.</p>

	<p>Where governors are not DBS checked in a timely manner, there is a risk that inappropriate individuals may attend Governing body meetings and have access to sensitive information.</p> <p>Where the Central DBS record is incomplete, the School is not in compliance with the Safeguarding Children and Safer Recruitment in Education document and there is a risk that DBS checks may not be properly monitored.</p>			
Management Response	Agreed/Disagreed	Responsible Officer	Deadline	
<p>Business Manager is reviewing SCR on a regular basis and DBS checks renewed – HT is pursuing this so that staff understand the seriousness of this needs.</p> <p><i>HT to monitor compliance list after Gobs meeting on 6th Nov and establish a strategy for 'filling in any gaps' in compliance.</i></p>	<p>Agreed</p>	<p>SBM</p>	<p>November 2018</p>	

Priority	Recommendation 11	Detailed Finding/Rationale				
2	<p>The Full Governing Body (or delegated Committee) should review and approve the School's Pay Policy as soon as possible and annually thereafter.</p>	<p>Expected Control</p> <p>The Teachers' Pay and Conditions document details 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 for the last 12 months established that the School's Pay Policy had not been reviewed in the last 12 months. Examination of the School's 'Staff Pay Policy' noted that it was last approved by the Governing Body in April 2017.</p> <p>Risk</p> <p>Where the School's Pay Policy is not annually reviewed and approved by the Governing Body (or delegated Committee), 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		Agreed/Disagreed				
Pay policy has been agreed by Pay committee with amendments – will be ratified at resources meeting 6 th November.		<table border="1"> <thead> <tr> <th data-bbox="1010 582 1050 913">Responsible Officer</th> <th data-bbox="1010 228 1050 582">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1050 582 1139 913">HT, SBM</td> <td data-bbox="1050 228 1139 582">November 2018</td> </tr> </tbody> </table>	Responsible Officer	Deadline	HT, SBM	November 2018
Responsible Officer	Deadline					
HT, SBM	November 2018					

Audit Area: Procurement

Priority	Recommendation 12	Detailed Finding/Rationale
1	<p>For all cases where costs relating to transactions can be identified in advance, purchase orders should be raised and appropriately certified before purchases are initiated.</p> <p>(The School may also wish to consider critically reviewing the expenditure limits within the School's Finance Policy and Procedures Manual.)</p>	<p>Expected Control</p> <p>The School's Finance Policy and Procedures Manual, section 'D2: Expenditure limits – governor's authorisation' details that, 'Prior approval from the Finance and General purposes Committee of the Governing Body should be obtained for all expenditure above £10,000. Expenditure above £50,000 should have the prior approval of the Full Governing Body.' Section 'D8: Use of written pre-numbered order forms' details that, 'Official, pre-numbered orders 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 by a written order.'</p> <p>Issue/Finding</p> <p>Examination of a sample of 14 applicable transactions found:</p> <ul style="list-style-type: none"> • Seven instances where purchase orders had not been raised. • Three instances, where purchase orders had been authorised by the Head Teacher, who did not have delegated authority to do so, as these exceeded her £10k limit. <p>There was no evidence of these being approved/ratified by the Resources Committee or Governing Body as required. It is acknowledged that some of the above transactions were monthly contract payments notwithstanding, appropriately authorised orders should still have been raised.</p> <p>Risk</p> <p>Where official orders are not raised and appropriately 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>
Management Response		Agreed/Disagreed
<p>Business Manager will ensure all purchases have an official order form.</p> <p><i>This has been actioned</i></p>		<p>Responsible Officer</p> <p>SBM</p> <p>Deadline</p> <p>Immediate</p>

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<p>Where a contract is in place an order form will be raised retrospectively.</p> <p><i>This has been actioned</i></p> <p>Purchase orders raised had been agreed via email by chairs action – in future this will be followed up by ratification at FGB or resources meeting.</p> <p><i>This procedure will be ratified at the Resources meeting on 6th Nov</i></p>			
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Priority	Recommendation 13	Detailed Finding/Rationale
1	<p>Goods / service received checks should be undertaken with evidence of who has carried out these recorded.</p> <p>(To demonstrate segregation of duties the person signing for goods/services should be independent of the ordering and payment process).</p>	<p>Expected Control</p> <p>The Schools Finance Policy and Procedures Manual, section 'D13: Check goods and services on receipt' details that, 'The Finance Assistant must check goods and services on receipt match the order which should be annotated accordingly. This should not be undertaken by the person who signed the order.'</p> <p>Issue/Finding</p> <p>Examination of a sample of 14 applicable transactions found that in:</p> <ul style="list-style-type: none"> • Five cases there was no evidence of a goods / services received check. • Five cases the goods / services received check was a simple tick and thus it was not possible to determine who conducted these. <p>Risk</p> <p>Where appropriate evidence of goods or 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
<p>In future goods received will be signed for all purchases by a person not signing the order.</p> <p><i>This has been actioned</i></p>		<p>Responsible Officer</p> <p>SBM</p> <p>Deadline</p> <p>Immediate</p>

Priority	Recommendation 14	Detailed Finding/Rationale
1	<p>Copies of all invoices should be retained to support payments made.</p> <p>All invoices should be evidenced as authorised prior to being paid.</p> <p>(The School may also wish to consider critically reviewing the expenditure limits within the Schools Finance Policy and Procedures Manual).</p>	<p>Expected Control</p> <p>The Schools Finance Policy and Procedures Manual, section 'D14: Payment made promptly and only against actual invoices (G8 also)' details that, 'Payment should not be made only on the basis of a photocopied invoice or a statement from a supplier.' And section 'D15: Approved staff should certify invoices for payment' details that, 'A member of staff, who did not sign the order or check receipt of goods, approved by the Governing Body should certify invoices for payment.'</p> <p>Issue/Finding</p> <p>Examination of a sample of 15 transactions found that in:</p> <ul style="list-style-type: none"> • One case (for £16,000), there was no evidence of the transaction being authorised. Discussion and examination of the records established that this transaction was one of a number of instalments to pay a £61,478 court judgement. An appropriate audit trail of this had not been maintained and thus it was not possible to determine why the judgement had been paid in multiple instalments. • Eight cases, although evidenced as approved by the Head Teacher (or acting Head Teacher), the value of the transactions exceeded the Head Teacher's delegated limit and there was no evidence of these being approved or ratified by the Resources Committee or Governing Body as required. Of these, in two cases the invoices were not held to support the payments made. <p>Risk</p> <p>Where appropriate invoices are not held or not evidenced as approved in line with the Schools Finance Policy and Procedures Manual, there is risk that authorisation requirements are bypassed, duplicate payments may be made and inappropriate expenditure may be incurred.</p>
Management Response		<p>Agreed/Disagreed</p> <p>Responsible Officer</p> <p>Deadline</p>
Following update of School's Financial Policy limit for HT will be increased. All future invoices to be retained.		<p>SBM</p> <p>November 2018</p>

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*This will be ratified at Resources meeting
Retaining invoices is part of procedures now*

Priority	Recommendation 15	Detailed Finding/Rationale
1	<p>The HMRC 'view' of the employment status of the individual should be obtained by using the Employment Status Indicator (ESI) tool <http://www.hmrc.gov.uk/calcs/esi.htm> and NI and PAYE deductions, where appropriate, should be made from future payments.</p> <p>(Provided the answers given to the ESI questions accurately reflect the terms and conditions under which the services are provided at the relevant time of the contract, HMRC will be bound by the ESI outcome where the engager or their authorised representative provides copies of the printer-friendly version of the ESI Result screen, bearing the 14 digit ESI reference number, and the Enquiry Details screen. A copy of the written contract (if available) in relation to the engagement along with any other documentation you relied on when completing the ESI should also be retained.)</p>	<p>Expected Control</p> <p>The guidance on the HMRC website states that, "A worker's employment status that is whether they are employed or self-employed, is not a matter of choice. Whether someone is employed or self-employed depends upon the terms and conditions of the relevant engagement." The Employment Status Indicator (ESI) tool: http://www.hmrc.gov.uk/calcs/esi.htm on the HMRC website can be used to determine the employment status of individuals. Where someone is determined to be employed, PAYE and NI deductions must be made at source.</p> <p>Issue/Finding</p> <p>Examination of a sample of 15 transactions identified a payment being made to an individual. Further investigation determined that payments for this service commenced in September 2016, when payment was made against invoice 1, and that these had continued against the subsequent invoices 2 through to 10 in July 2018. Applying the HMRC guidance, it is clear that this individual would be deemed to be an employee.</p> <p>A similar issue was identified in the School's previous audit report, dated July 2017.</p> <p>Risk</p> <p>Where payments are made to individuals, who are deemed to be employees by HMRC, without NI and PAYE deductions being made, there is a risk that the School will be held liable for the PAYE and NI for these payments and may be fined.</p>
<p>Management Response</p> <p>This teacher is no longer paid by the School. Anyone providing a service to the school which could be deemed as employment will be paid through the schools payroll in future.</p>		
Agreed/Disagreed	Responsible Officer	Deadline
Agreed	SBM	Immediate

Priority	Recommendation 16	Detailed Finding/Rationale		
2	<p>A benchmarking exercise should be undertaken and the results should be reported to the Governing Body in order to see where they compare to other schools in the borough of Croydon. This should be an annual exercise.</p>	<p>Expected Control</p> <p>The School Financial Value Standard, (SFVS) question 14, 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>Issue/Finding</p> <p>Examination of the Governing Body and Resource Committee minutes for the last 12 months was unable to evidence that a formal benchmarking exercise had been conducted and reported to governors. Discussion with the Finance officer and Head Teacher established that some benchmarking had occurred, for instance on energy costs, but that this was informal.</p> <p>Risk</p> <p>Where a School does not effectively perform benchmarking, there is a risk that the School may not be aware of poorly performing areas or inefficient practices.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>Future benchmarking exercises will be formalised and brought to governors.</p> <p><i>This is now informing future financial planning. SBM bringing information to Resources on 6th Nov</i></p>		Agreed	SBM	Immediate

Audit Area: Banking

Priority	Recommendation 17	Detailed Finding/Rationale		
2	<p>The School should continue to liaise with the bank and obtain confirmation that the requested changes to the authorised bank signatories have been processed.</p>	<p>Expected Control</p> <p>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>Issue/Finding</p> <p>A copy of the School's authorised bank signatories listing was not available at the time of audit. Discussion with the School's Finance Officer and examination of available correspondence demonstrated that the School had requested changes to the School's authorised bank signatories (in line with staffing changes in the School) but that the bank had not yet confirmed these changes.</p> <p>Risk</p> <p>Where a list of current bank authorised signatories is not held by the School, there is a risk that individuals who are not approved signatories are on the list, and unauthorised individuals on the list are not identified. This may lead to the School being financially liable for unauthorised and fraudulent transactions that could have otherwise been avoided.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>A list of current bank signatories has been added to the Financial Procedures policy – Further communications have been received from bank requesting further information.</p> <p><i>HT to review progress with SBM in early Dec.</i></p>		Agreed	SBM	February 2019

Priority	Recommendation 18	Detailed Finding/Rationale
2	<p>The School should cease the use of BACs.</p> <p>The School should consider the use of Bankline to make batch online payments.</p>	<p>Expected Control</p> <p>The Croydon Scheme for Financing School's does not provide for Schools to process BACs payments, although the use of Bankline to make electronic payments is permitted. A paper to the Croydon Schools Forum in June 2017 clearly highlighted the security issues with the use of BACs in Schools and that the Council would not authorise the use of BACs in Schools. The Council announced at the School Bursars meeting held in October 2018, that the use of batch uploads to Bankline would be permitted.</p> <p>Issue/Finding</p> <p>The School, because it operates its own payroll, has been unofficially permitted to operate BACs. However, as a secure method of making batch online payments is now available to Schools, the School needs to cease the use of BACs.</p> <p>Risk</p> <p>Where BACs payments are used, there is an increased risk of fraud and inappropriate payments being made.</p>
Management Response		<p>Agreed/Disagreed</p> <p>Agreed</p>
<p>The School will comply with this as soon as we can get Bankline set up. Liaise with Croydon.</p> <p><i>HT to review progress with SBM in early Dec.</i></p>		<p>Responsible Officer</p> <p>SBM</p> <p>Deadline</p> <p>January 2019</p>

Audit Area: Information Governance

Priority	Recommendation 19	Detailed Finding/Rationale
2	<p>The School should continue to obtain and review all documents concerning the DPA 2018 and GDPR to help ensure that it complies with these.</p> <p>Data Protection Officer training, once undertaken, should be held in a smart log to confirm that they are up to date with the most relevant training and ensure the School's compliance with the Data Protection Act 2018.</p> <p>The School should update its HR Policy and Procedures to include the consequences of GDPR breaches.</p>	<p>Expected Control</p> <p>The Data Protection Act (DPA) 2018 came into force on 25th May 2018 and enshrined the General Data Protection Regulations (GDPR) into UK law. In order to prepare for GDPR and the DPA 2018, it is expected that for all a DPA 2018 / GDPR plan is be developed and used to track the activities required to comply with DPA 2018 / GDPR. This plan should include where relevant:</p> <ul style="list-style-type: none"> - Development of an Information Asset Register; - Development of Privacy Notices; - Data Protection Officer (DPO) role assigned; - Reviewing the use of consent; - Data Protection Impact Assessments; - Relevant policies and procedures; - 3rd Party Contract Reviews; - Information Security; and - Staff communication and training. <p>The Data Protection Act 2018 has two categories for breaches of GDPR, acts deemed to be a lesser breach hold a maximum fine of €10 million or two per cent of a company's annual revenue, whichever is greater, and for more severe breaches, the maximum fine is €20 million or four per cent of a company's annual revenue, whichever is greater.</p> <p>Issue/Finding</p> <p>It was established that the School had only recently appointed a designated DPO, the previous staff member being assigned this role having recently left after taking three months leave. The current DPO was still processing the relevant documentation and was not yet in a position to properly explain the School's readiness for the DPA 2018 and GDPR, although it was acknowledged that work had been conducted to ready the School for these.</p> <p>It was noted that the newly appointed DPO had not yet attended any courses on data protection and that the Schools HR Policy and Procedures had not been updated to include the consequences of any DPA 2018 / GDPR breaches.</p>

	Risk	Management Response	Agreed/Disagreed	Responsible Officer	Deadline
<p>The School have a new GDPR and Data Protection Policy in place which was ratified at Governors safeguarding Meeting – this has been sent to all staff.</p> <p>We are still working on reviewing all privacy notices</p> <p>All staff are to complete online GDPR training</p> <p>A data breach register has been set up with access for designated staff only</p> <p><i>The updated GDPR policy will be on the school website</i></p> <p><i>The website is being overhauled and those policies will be included</i></p>	<p>There is a risk that the School is not compliant with the DA 2018 or GDPR and could be liable for large fines if found to be in breach of these.</p> <p>Agreed</p>	<p>SBM, Assistant Head responsible for GDPR, HT</p>	<p>November 2018</p>		

Priority	Recommendation 20	Detailed Finding/Rationale		
2	<p>The School's Business Continuity Plan should be critically reviewed and, where appropriate, updated.</p>	<p>Expected Control</p> <p>The School Financial Value Standard (SFVS) question 25 asks, 'Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?'</p> <p>Issue/Finding</p> <p>Examination of the copy of the School's Business Continuity Plan provided at the time of audit (in October 2018) found that this was dated March 2015 and did not evidence any subsequent review.</p> <p>Risk</p> <p>Where the School does not have a current business continuity plan, there is a risk that should unexpected events or disasters occur, the School may not be able to appropriately react to these or to resume activities in a timely manner.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>IT Technician is currently updating Asset Register, this is being done in conjunction with reviewing the insurance policy.</p> <p><i>The existing Business Continuity Plan will be informed by current financial planning review. There will be a formal review/update of the Business Continuity Plan in Spring 2019</i></p> <p><i>SBM is research best practice in this area. HT will monitor progress to be ready for the formal review/update</i></p>		Agreed	SBM	March 2019

Priority	Recommendation 21	Detailed Finding/Rationale		
2	<p>A full review of the laptops on loan should be conducted. These should then be either:</p> <ul style="list-style-type: none"> • returned and destroyed; or • subject to appropriate loan agreements with the respective members of staff. 	<p>Expected Control</p> <p>The School's Finance Policy & Procedures Manual, section 'M4: Property taken off site' details that, 'All laptops removed from the school site are recorded in a register held by the IT Manager and signed back on their return. All other assets removed from site are recorded in a register held by the Receptionist and signed back on their return.'</p> <p>Issue/Finding</p> <p>Discussions with the IT Manager established that a number of staff had been historically issued laptops and that, although these laptops were now obsolete, some staff still retained these. There was no register held to record the issue of the laptops or loan agreements in place for these.</p> <p>Risk</p> <p>Where loan or other agreements are not in place for the issue of laptops, there is no record of staff members being made aware of their responsibility/liability incurred from accepting these loans.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>Current inventory being carried out will locate and ensure all laptops returned, destroyed or appropriately loaned.</p> <p><i>HT to monitor progress in early Dec</i></p>		Agreed	SBM, IT Technician	January 2019

Priority	Recommendation 22	Detailed Finding/Rationale		
2	<p>All USB memory sticks should be encrypted to ensure that these comply with the School's Data Protection Policy and that confidential information is protected.</p>	<p>Expected Control The School's Data Protection Policy, approved in March 2017, states that, 'all portable electronic (USB type) memory storage devices are encrypted.'</p> <p>Issue/Finding It was established that USB memory sticks were in use, but were not encrypted. It is acknowledged that the ability to use USB memory sticks has been restricted to staff with administrator access and are not removed from site, but nonetheless these should be encrypted.</p> <p>Risk Where unencrypted USB memory sticks are in use, there is a risk that confidential information may be inadvertently exposed.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>IT management Company is currently working on scan to email function to allow school to ban all USB's.</p> <p><i>Staff have been informed that USB memory sticks are not allowed to be used. Visiting speakers will be required to provide material via email or link laptops directly to projectors</i></p> <p><i>HT will check current External Speakers/Visitors policy and review/update as appropriate</i></p>		Agreed	SBM directing IT company	January 2019

Audit Area: Health and Safety

Priority	Recommendation 23	Detailed Finding/Rationale
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>Expected Control</p> <p>The Health & 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>Issue/Finding</p> <p>Discussions established that the School Business Manager had recently assumed responsibility for premises management (and thus premises health and safety compliance) with the departure of the IT and Property Manager.</p> <p>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, some gaps were noted including:</p> <ul style="list-style-type: none"> - A glazing risk assessment had not yet been conducted; - There was a lack of evidence to demonstrate compliance with the Working at Height regulations; - A formal risk assessment of hazardous substances in the Science lab was not available; and - Fire warden training was outstanding. <p>It was also noted that a Fire Risk assessment was conducted in July 2018, but that the actions were still being worked through.</p> <p>Risk</p> <p>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		Agreed/Disagreed
		<p>Responsible Officer</p> <p>Deadline</p>

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All health and Safety issues under review and being actioned via the LA and the Diocese.	Agreed	SBM , HT	Thoroughly compliant by December 2018
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Audit Area: Income

Priority	Recommendation 24	Detailed Finding/Rationale
1	<p>A suitable staff member should be assigned responsibility for the management of school lettings, which should include ensuring that:</p> <ul style="list-style-type: none"> - An appropriate lettings diary is in place; and - Appropriate indemnity insurance is evidenced for any lettings. <p>Lettings income should not be paid to St Mark's Educational Trust until the costs of the respective lettings have been deducted.</p> <p>The Head Teacher should evidence oversight of School Lettings.</p>	<p>Expected Control</p> <p>The Croydon Scheme for Financing Schools section '5.1 Income from lettings' details that, 'Schools shall retain income from lettings of the school premises which would otherwise accrue to the LA, subject to alternative provisions arising from any joint use or PFI/PPP agreements. Schools may cross-subsidise income from lettings for community and voluntary use with income from lettings for other purposes provided that there is no net cost to the budget share and its educational achievement.</p> <p>Schools should have regard to the directions issued by Croydon Council as to the use of school premises, as permitted under the School Standards and Framework Act 1998 for various categories of schools.</p> <p>Income from lettings should not normally be payable into voluntary or private funds held by the School.'</p> <p>In order to help safeguard school property and to assign responsibility should an incident occur, appropriate arrangements should be in place when members of the community use school premises. Furthermore, all lettings should also be authorised by the Head Teacher within a framework determined by the Governing Body and should be recorded in a register or diary.</p> <p>Issue/Finding</p> <p>The Governing Body minutes of the meeting held on 11 July 2017 detailed that lettings would be managed by 'Mr Field and Sr Bernadette, as a Trustee and that any income will go to St Mark's Educational Trust.'</p> <p>Mr Field was no longer employed by the School at the time of audit, and as no alternate member of staff had been assigned to manage the lettings, copies of the lettings diary, any letting application forms and accompanying indemnity insurance evidence, were not available at the time of audit. As detailed in the DfE published Governance Handbook, governors should play a strategic role, and avoid routine involvement in operational matters. Thus Sr Bernadette should not be involved in the day to day management of lettings of the School premises and a suitable staff member should be assigned this task. Furthermore, as the Head Teacher is responsible for the</p>

	<p>safeguarding of the School premises and the application of the School's letting policy, she should have oversight of the lettings.</p> <p>While the School may elect for the profits from School lettings to go to St Mark's Educational Trust, this should only be once the corresponding costs associated with these lettings have been deducted from the income.</p> <p>Risk</p> <p>There is a risk that the School is subsidising St Mark's Educational Trust. Furthermore, without relevant lettings documentation being held at the School, the Head Teacher is unable to properly ensure that the School premises are appropriately safeguarded.</p>		
<p>Management Response</p> <p><i>This is part of the discussions about a Memorandum of Understanding being brokered via Catholic Education Services</i></p>	<p>Agreed/Disagreed</p> <p>Agreed</p>	<p>Responsible Officer</p> <p>HT</p>	<p>Deadline</p> <p>January 2019</p>

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The governor induction pack produced by Octavo should be supplemented with information specific to Virgo Fidelis School.</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 information about the School of which the governors are being inducted into.</p> <p>The School's Governor induction pack was a general document produced by Octavo and thus not supplemented with information specific to the School.</p> <p>Where the School has not properly informed its Governors about information specific to the School, there is a risk that there will be ineffective governance for the school.</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 five recent staff appointments was examined. Although evidence of 'right to work in the UK' checks in the form of copies of passports 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) All future cancelled cheques should be cut in half to signify they are not for use.</p>	<p>All cancelled yet intact cheques should be destroyed to avoid being used for a different purchase.</p> <p>A cancelled cheque was found to have been left blank and still intact.</p> <p>Where there is a cancelled cheque which is left blank, there is a risk that the blank cheque may be used for an unauthorised and inappropriate purchase.</p>

AUDIT TERMS OF REFERENCE

Virgo Fidelis Convent Senior 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	3	2	1
Budgetary Control & Monitoring	1	2	0
Payroll	2	1	1
Safeguarding	0	0	0
Procurement	4	1	0
Bank Accounts	0	2	1
Information Governance	0	4	0
Health and Safety	0	1	0
Income	1	0	0
Totals	11	13	3

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.

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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