

# Final Internal Audit Report

## Virgo Fidelis Convent Senior School

### June 2020

**Distribution:** Head Teacher  
 Chair of Governors  
 School Business Manager  
 Executive Director, Children, Families and Education (Final Only)  
 Director of Education and Youth Engagement (Final Only)  
 Director of Finance, Investment and Risk and S151 Officer (Final Only)

Assurance Level	Recommendations Made	
<b>Limited Assurance</b>	Priority 1	4
	Priority 2	10
	Priority 3	4
	No Priority*	1

\* No priority is assigned as this issue was not identified as part of the audit fieldwork.

#### 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 School is a Community School and, as detailed in the Finance Report to Governors dated 3 November 2019, there were 424 pupils attending.
- 1.2. Due to building health and safety concerns the School planned in May / June 2019 to move to a different site; however, following further building inspections it was subsequently decided to remain at the same site. This uncertainty impacted on pupil numbers during the September 2019 pupil in-take, although the School has subsequently had a number of in-year admissions.
- 1.3. 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 annually to an accumulated deficit of £1,669,868 at 31 March 2019. The 2019/20 budget planned an in-year surplus of £16,623.
- 1.4. An internal audit of the school in 2018/19 resulted in a NO ASSURANCE audit report. As a result the School was included as part of the agreed Internal Audit Plan for 2019/20. 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

Sample testing identified payments to two separate individuals, where NI and PAYE deductions had not been made and HMRC Employment Status Service tool checks had not been conducted. **(Recommendation 8)**

A number of control weaknesses in the management of the petty cash fund were found. **(Recommendation 11)**

A number of gaps in the control framework of the School's information governance arrangements were found. **(Recommendation 12)**

The School had not registered as a Data Controller with the Information Commissioners Office since February 2019; although it is acknowledged this was immediately rectified on site at the time of audit. **(Recommendation 13)**

#### Issues resulting in Priority 2 Recommendations

The minutes for the full Governing Body meeting held on 2 July 2019 were not signed by the Chair of Governors as required. **(Recommendation 1)**

The Finance Policy, which contains the School's Scheme of Financial Delegation had not been approved by the Full Governing Body in the last 12 months as required. **(Recommendation 2)**

Only one reference had been obtained for two of the new starters sampled. For three of the new starters, the references were obtained after employment commenced. **(Recommendation 4)**

Evidence of satisfactory medical checks was not held for two of the new starters sampled. **(Recommendation 5)**

Although governor DBS checks are required to be made within 21 days of appointment, large gaps were found between the dates of appointment and the dates that DBS checks were evidenced for three of the governors. **(Recommendation 6)**

For three higher value purchases selected for testing, there was no approval, as required by the School's Finance Policy, for these from the full Governing Body. **(Recommendation 7)**

No purchase orders had been raised for two of the transactions sampled and for another two of these transactions the purchase order was raised after the transactions had been initiated. **(Recommendation 9)**

The appropriate number of quotes or tender was not evidenced for three of the larger value transactions sampled. **(Recommendation 10)**

Eleven members of staff had school meal debts. **(Recommendation 14)**

A checklist of the various responsibilities and duties under current health and safety legislation (as these relate to the maintenance, statutory compliance and repair upkeep of school buildings) was reviewed as part of the audit. Whilst it was evidenced through completion of the checklist by the School that a good overall level of compliance was reported, a number of gaps were noted. **(Recommendation 15)**

## No Priority

After completion of the audit fieldwork, but prior to the draft report being issued it was established that the '6<sup>th</sup> form income increased by £386k due to 18/19 funding paid late' reported in the Finance Report to Governors dated 3 November 2019 was an error by the Council and would be clawed back. It is expected that the School, constantly monitoring its pupil numbers and concomitant income, should have been aware that this was an error and not relied upon this income. As a result of this clawback, it is likely that the School will have a year-end deficit. **(Recommendation 3)**

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
- Finance Assistant

**3. Actions and Key Findings/Rationale**

**Audit Area: Governance and Leadership**

Priority	Recommendation 1	Detailed Finding/Rationale		
2	<p>The Chair of Governors should review and sign the minutes for the meeting that have not been signed.</p> <p>In the future, all minutes (once agreed) should be signed by the Chair of Governors at subsequent meetings.</p>	<p><b>Expected Control</b></p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 15 (1) details that, <i>'The clerk to the governing body (or the person appointed to act as clerk for the purpose of the meeting in accordance with regulation 10(3)) must ensure that minutes of the proceedings of a meeting of the governing body are drawn up and signed (subject to the approval of the governing body) by the chair at the next meeting.'</i></p> <p><b>Issue/Finding</b></p> <p>Examination of the Governing Body minutes identified that the minutes from the meeting held on 2 July 2019 had not been signed by the Chair of the Governors, despite there being a number of subsequent meetings.</p> <p><b>Risk</b></p> <p>Where the School are unable to produce a copy of the signed minutes of the Full Governing Body meetings, there is a risk that the minutes are not a true reflection of the proceedings and decisions made and it is in breach of the School Governance (Roles, Procedures and Allowances) (England) Regulations 2013.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>From this point forward, the Head Teacher's (HT) PA will ensure that a folder of minutes is held centrally and that all minutes are checked and signed. Chair of Governors (CoG) has now signed all outstanding minutes. A cover sheet at the front of the folder will indicate dates of meetings and signatures included. HT and CoG will ensure all minutes are signed and up-to-date.</p>		Agreed	Head Teacher's PA	Immediately

Priority	Recommendation 2	Detailed Finding/Rationale		
2	The Finance Policy and Procedures Manual, which includes the School's Scheme of Financial Delegation, should be reviewed annually by the Full Governing Body.	<p><b>Expected Control</b></p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 18 detail that, <i>'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.'</i></p> <p><b>Issue/Finding</b></p> <p>The Schools Finance Policy, which includes the School's Scheme of Financial Delegation, was not evidenced as approved by the full Governing Body in the last 12 months as required, (although it was approved and reviewed by the Resources Committee in a meeting held on the 26 February 2019.)</p> <p><b>Risk</b></p> <p>Where the School's Finance Policy, which includes the School's Scheme of Financial Delegation, is not reviewed annually by the full Governing Body, 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 not appropriate to manage the School's finances.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Finance policy is to be reviewed and updated by the Business Manager (BM) in consultation with the school leadership team. This will be presented for consideration by the Governing Board (GB) at their June 2020 meeting and agreement minuted. The policy will have next review date documented at the front of the policy.		Agreed	Business Manager	June 2020

**Audit Area: Budgetary Control and Monitoring**

Priority	Recommendation 3	Detailed Finding/Rationale		
<p><b>N/a</b></p>	<p>The changes in pupil numbers and the consequent impact on income should be thoroughly checked and monitored.</p>	<p><b>Expected Control</b></p> <p>The support notes to SFVS detail that, ‘<i>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.</i>’ And that, ‘<i>For most schools there will be some uncertainties about future funding, future pupil numbers and about the costs of staffing (since teachers may leave and new teachers arrive). It is therefore important to model a range of scenarios about income and costs, and look at how the school’s budget could be balanced or brought back into balance in the different scenarios. In addition, pupil number changes will always have the most significant impact on future funding levels, regardless of any potential changes to the system, and so it should be possible to model a range of scenarios in the absence of confirmed funding.</i>’</p> <p><b>Issue/Finding</b></p> <p>After completion of the audit fieldwork, but prior to the draft report being issued it was established that the ‘<i>6th form income increased by £386k due to 18/19 funding paid late</i>’ reported in the Finance Report to Governors dated 3 November 2019 was an error by the Council and would be clawed back. It is expected that the School, constantly monitoring its pupil numbers and concomitant income, should have been aware that this was an error and not relied upon this income. As a result of this clawback, it is likely that the School will have a year-end deficit.</p> <p><b>Risk</b></p> <p>Where changes in pupil numbers and the consequent impact on income are not thoroughly checked and monitored, there is a risk that the School may not properly forecast its income and that the forecasted budget outturn is incorrect.</p>		
<p><b>Management Response</b></p>		<p><b>Agreed/Disagreed</b></p>	<p><b>Responsible Officer</b></p>	<p><b>Deadline</b></p>



<p>A detailed curriculum and staffing analysis, including pupil numbers, has been produced for the current and next academic years by a LA appointed governor. This was presented to the GB on 25<sup>th</sup> February 2020 and will continue to be presented at least each term from this point forward.</p> <p>The school leadership team should regularly keep pupil numbers up-to-date including projected admissions for the subsequent academic years and cross reference these numbers with the formula-funded budget income figures for the relevant financial year.</p> <p>Upon receipt of the delegated budget figures for each financial year, the pupil numbers upon which the budget has been calculated should be rigorously checked by the school leadership team and any significant variances reported to the LA by email to avoid money being spent that is not due to the school. This avoids the necessity for claw backs after money has been spent.</p>	<p>Agreed</p>	<p>LA appointed governor</p>	<p>Immediately</p>
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**Audit Area: Payroll**

Priority	Recommendation 4	Detailed Finding/Rationale		
2	<p>The missing references for the two starters should be obtained.</p> <p>The School should ensure that two references are obtained before appointment of roles for future new starters, (ideally prior to interviews being conducted).</p>	<p><b>Expected Control</b></p> <p>The 'Keeping children safe in education - Statutory guidance for schools and colleges' dated September 2019, requires that two written references are obtained for all new starters, preferably prior to being interviewed. The references should ideally be from the individual's last employment.</p> <p><b>Issue/Finding</b></p> <p>Sample testing of the documentation retained for a sample of five new starters found that:</p> <ul style="list-style-type: none"> <li>• For two of the new starters, only one reference each had been obtained; and</li> <li>• For three of the new starters, the references were obtained after employment commenced.</li> </ul> <p><b>Risk</b></p> <p>Where the 'Keeping children safe in education - Statutory guidance for schools and colleges' is not complied with and appropriate references obtained, preferably prior to being interviewed, there is a risk that the School may hire based upon false pretences and that inappropriate individuals could be appointed.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>The SCR template used by the School has been updated to include an additional two columns which will be checked upon receipt of appropriate references.</p> <p>The BM and HT have both received safer recruitment training and successfully completed the associated assessment.</p> <p>The School should construct a pre-employment check list sheet that accompanies the documentation of every successful candidate. In future, two references will be</p>		Agreed	Head Teacher	Immediately

<p>secured for each candidate prior to interview and candidates will be required to bring all necessary DBS information to the interview.</p> <p>The responsibility for ensuring that the SCR is up to date lies with the HT and is kept on a secure spreadsheet by the HT's PA. The CoG will review the SCR each half term.</p>			
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Priority	Recommendation 5	Detailed Finding/Rationale		
2	A record of satisfactory medical checks should be obtained for the identified two staff (and any future staff employed).	<p><b>Expected Control</b></p> <p>The Education (Health Standards) (England) Regulations 2003 paragraph 6(1) details that, ‘A relevant activity may only be carried out by a person if, having regard to any duty of his employer under Part II of the Disability Discrimination Act 1995(1), he has the health and physical capacity to carry out that activity.’ In this regard, medical checks are required to be conducted for school staff appointments.</p> <p><b>Issue/Finding</b></p> <p>Examination of the documentation held for a sample of five new starters established that a record of satisfactory medical checks was not held for two of the staff.</p> <p><b>Risk</b></p> <p>Where satisfactory medical checks are not obtained for new starters, the School is in breach of the Education (Health Standards) (England) Regulations 2003 and there is a risk that these individuals may not have the required health and physical capacity for their roles.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>In addition to our response to recommendation 4, all successful candidates will be required to complete a health medical questionnaire. A column to check this has been included in the SCR template.</p> <p>The HT is responsible for ensuring the SCR is up to date and is kept on a secure spreadsheet by the HT PA. The CoG will review the SCR each half term.</p>		Agreed.	Head Teacher	Immediately

Priority	Recommendation 6	Detailed Finding/Rationale		
2	DBS checks for all future governors should be applied for within 21 days of their appointment and this should be recorded in the School's Central Single Record.	<p><b>Expected Control</b></p> <p>The School Governance (Constitution and Federations) (England) (Amendment) Regulations 2016 makes Disclosure Barring Service (DBS) checks mandatory for governors in maintained schools. It states '16A.— (2) Where a governor is elected or appointed on or after 1<sup>st</sup> 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><b>Issue/Finding</b></p> <p>Examination of the copy of the School's Single Central Record provided at time of audit established that for three Governors, the DBS checks were evidenced and recorded a number of months after their appointment. The dates of appointment and corresponding DBS evidenced dates for the three Governors were as follows:</p> <ul style="list-style-type: none"> <li>• Appointed: August 2019; Evidenced: 29 December 2019;</li> <li>• Appointed: March 2019; Evidenced: 3 October 2019; and</li> <li>• Appointed: December 2018; Evidenced: 22 May 2019.</li> </ul> <p><b>Risk</b></p> <p>Where DBS checks are not requested within 21 days of new governors being appointed the School is in breach of the School Governance (Constitution and Federations) (England) (Amendment) Regulations 2016 and there is a risk that an inappropriate individual may have been selected, potentially giving rise to a safeguarding risk to the children.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Once a governor attends their first meeting and is newly appointed, a full DBS clearance should be obtained and recorded in the schools single central records. The Clerk will minute the appointment and specify in the minutes, the action for the CoG to inform the HT PA to obtain the DBS clearance.		Agreed	Head Teacher's PA	Immediately

The HT's PA should process the applications in the same way as all school staff moving forward.			
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**Audit Area: Procurement**

Priority	Recommendation 7	Detailed Finding/Rationale		
2	Ensure that transactions are appropriately evidenced as authorised in line with the requirements of the Financial Policy.	<p><b>Expected Control</b></p> <p>The Schools Finance Policy, Section A3: ‘Financial limits of delegated authority’ details that the Head Teacher may approve purchases up to £10,000 and that all other purchases above this amount must be approved by the full Governing Body.</p> <p><b>Issue/Finding</b></p> <p>We were unable to identify evidence within the Governing Body minutes of the required approval relating to a sample of three higher value purchases. These transactions were as follows:</p> <ul style="list-style-type: none"> <li>• £10,922.30;</li> <li>• £10,184.48; and</li> <li>• £18,103.79.</li> </ul> <p><b>Risk</b></p> <p>Where higher value purchases are not evidenced as appropriately approved, there is an increased risk that inappropriate expenditure may occur.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>It is the responsibility of the BM to ensure all purchases in excess of £10,000, including Alternative Provision invoices, are referred to the GB for approval and the appropriate minutes should reflect this action.</p> <p>The HT will <b>NOT</b> sign any invoices that do not comply with the schools finance policy and procedures, particularly in relation to delegated authority.</p>		Agreed	Business Manager	Immediately

Priority	Recommendation 8	Detailed Finding/Rationale		
1	The HMRC 'view' of the employment status of the individuals should be obtained by using the Employment Status Indicator (ESI) tool, and NI and PAYE deductions, where appropriate, should be made from payments.	<p><b>Expected Control</b></p> <p>The guidance on the HMRC website details 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 &lt; <a href="https://www.tax.service.gov.uk/check-employment-status-for-tax/setup">https://www.tax.service.gov.uk/check-employment-status-for-tax/setup</a> &gt; 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><b>Issue/Finding</b></p> <p>Examination of documentation available for a sample of fifteen transactions identified that two of the transactions were for a payment to individuals. There was no evidence that the HMRC ESI tool had been used or that any other check of self-employment had been conducted.</p> <p>A similar finding was reported in the 2018/19 internal audit report.</p> <p><b>Risk</b></p> <p>Where payments are made to individuals and the employment status of these individuals is not confirmed, there is a risk that these individuals may be defined as employees by HMRC and the School fined and held liable for the NI and PAYE deductions plus interest charges.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>Prior to each contractor being formally engaged the HMRC employer status tool will be completed by the BM.</p> <p>For those identified as being inside IR35, tax and NI will be deducted by the School. The BM will ensure this is done.</p>		Agreed	Business Manager	Immediately



<p>If the contractor lies outside IR35, an IR35 compliant contract will be agreed and signed by the HT prior to the work commencing.</p> <p>A list of contractors will be kept and an audit sheet of Employment status will be kept with dates and timeframes.</p> <p>BM and HT will attend training on IR35.</p> <p>BM and Finance Assistant are booked on AAT Webinar on IR35 for 18<sup>th</sup> March 2020 which will include updates from April 2020.</p>			
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Priority	Recommendation 9	Detailed Finding/Rationale		
2	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><b>Expected Control</b></p> <p>The Schools Finance Policy states in Section D8: 'Use of written pre-numbered order forms', that <i>'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.'</i></p> <p><b>Issue/Finding</b></p> <p>Examination of documentation available for a sample of fifteen transactions identified that for two of the transactions there were no purchase orders raised and that two of the purchase orders were raised retrospectively.</p> <p><b>Risk</b></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 could result in inappropriate purchases and poor budgetary control.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>A purchase order should be raised for every transaction prior to an order for goods or services being made. No telephone or email orders will be processed. This is the responsibility of the BM. Once an invoice has been received, the BM should match the purchase order with the invoice and should be filed together. Any discrepancies should be considered and appropriate action taken by the school BM.</p> <p>The HT will randomly sample 5 invoices each half-term to ensure compliance.</p>		Agreed	Business Manager	Immediately

Priority	Recommendation 10	Detailed Finding/Rationale		
2	<p>The School should ensure that the correct number of quotes and tenders are collected in line with requirements of the School's Finance Policy.</p> <p>Where there are exceptions, the School should receive approval for these purchases from the Full Governing Body.</p>	<p><b>Expected Control</b></p> <p>In the Schools Finance Policy it states in section 'D3: Expenditure limits', that <i>'Formal tenders should be obtained for all expenditure over £20,000. Three written quotations should be obtained for all expenditure between £2,000 and £20,000 unless it is impractical to do so. In such circumstances, the reasons for not doing so should be reported to the Governing Body. Up to £2,000: Budget holders are expected to purchase objectively using catalogue prices and written quotations. Evidence of consideration of alternative suppliers is attached to orders.'</i></p> <p><b>Issue/Finding</b></p> <p>Examination of the documentation available for a sample of 15 transactions found the following issues:</p> <ul style="list-style-type: none"> <li>• £4,656.00. Only one quote was obtained and approval for this exception was not noted in the Governing Body meeting minutes;</li> <li>• £10,922.30. No quotes were obtained. The circumstances of this payment were such that getting quotes would not be normally expected, but this is not an exemption as per Finance Policy and no evidence of Governing Body approval of this as an exemption to obtaining quotes was noted.</li> </ul> <p><b>Risk</b></p> <p>Where the School does not obtain the agreed number of quotations, tenders or approved exceptions, there is a risk that the School is not obtaining value for money, resulting in overspending for the procurement of goods and services.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>BM is accountable for providing 3 written quotes for all expenditure between £2000 and £20,000 and presenting the quotes and a suggested decision about which quote is most appropriate to the GB for agreement. It is the responsibility of the clerk to the GB to ensure these decisions are appropriately</p>		Agreed	Business Manager	Immediately

<p>minuted. [These expenditure limits will be reviewed as part of a review of the Finance Policy]</p> <p>In the case of a failure to provide 3 written quotes, a strong case will be presented to the GB by the HT and the governors will make the most appropriate decision based on the specific context of the work being commissioned. The decision will be minuted by the clerk.</p>			
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Priority	Recommendation 11	Detailed Finding/Rationale		
1	<p>Access to the petty cash should be restricted to one staff member, who should be responsible for ensuring that:</p> <ul style="list-style-type: none"> <li>• Petty cash disbursements are only made where there have been properly authorised and are within the limits defined in the Finance Policy;</li> <li>• All petty cash expenditure is appropriately supported by invoices / receipts; and</li> <li>• The total petty cash held does not exceed the £250 limit.</li> </ul>	<p><b>Expected Control</b></p> <p>The Schools Finance Policy details in Section 'J1: Agreed level of Petty Cash', that <i>'The agreed maximum level of petty cash to be held is £250'</i>. Section 'J3: Proper use of petty cash' also states <i>'Payments from petty cash are limited to amounts below £30, which have been approved in advance by an authorised member of staff. This limit is extended to £200 for emergency maintenance work and £200 for postage for exam course work.'</i> And Section 'J4: All expenditure supported by receipts' states <i>'All expenditure from petty cash must be supported by receipts, identifying any VAT paid. It must be signed for by the recipient and countersigned by an authorised member of staff.'</i></p> <p><b>Issue/Finding</b></p> <p>Examination of petty cash documentation identified that the petty cash limit had been exceeded 20 times since 1 May 2019, with the largest expenditure being £220.</p> <p>Testing of a sample of five of petty cash transactions found that receipts/invoices were not held for three of these transactions.</p> <p>It was further identified that access to the fund is not restricted to a member of staff, but shared between the School Business Manager and the Finance Assistant. A count of the cash held in the petty cash tin found that £520.64 was held, which is in excess of the stated £250 agreed maximum level.</p> <p><b>Risk</b></p> <p>Where the petty cash is not properly controlled in line with the Finance Policy and receipts / invoices are not obtained, there is a risk of inappropriate purchases and misuse of the fund. Furthermore, VAT may not be able to be reclaimed, where appropriate.</p>		
<b>Management Response</b>		<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>	<b>Deadline</b>
The School will <b>not</b> make any donations.		Agreed	Finance Assistant	Immediately

<p>From this point forward petty cash will <u>only</u> be given in return for actual invoices authorised by the school Finance Assistant.</p> <p>No amount greater than £200 for any item will be reimbursed.</p> <p>BM to reconcile petty cash and invoices monthly.</p> <p>Petty cash records to be signed off monthly by the HT and CoG.</p>			
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**Audit Area: Information Governance**

Priority	Recommendation 12	Detailed Finding/Rationale
1	<p>The School's information governance arrangements should be strengthened by:</p> <ul style="list-style-type: none"> <li>• An Information Asset Register (as required by the DPA 2018) being put in place;</li> <li>• Create a Document Retention Policy;</li> <li>• The DPO should be given appropriate training, or the School should contact the local authority to find approved companies that provide DPO services;</li> <li>• Reviewing the use of consent and documenting any consequent changes; and</li> <li>• Ensure that the Business Continuity Plan is reviewed and approved by the Full Governing Body.</li> </ul>	<p><b>Expected Control</b></p> <p>The Data Protection Act (DPA) 2018 came into force on 25 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 schools a DPA 2018 / GDPR plan be developed and used to track the activities required to comply with DPA 2018 / GDPR.</p> <p>This plan should include where relevant:</p> <ul style="list-style-type: none"> <li>• Development of an Information Asset Register;</li> <li>• Development of Privacy Notices;</li> <li>• Data Protection Officer (DPO) role assigned;</li> <li>• Reviewing the use of consent;</li> <li>• Data Protection Impact Assessments;</li> <li>• Relevant policies and procedures;</li> <li>• 3rd Party Contract Reviews;</li> <li>• Information Security; and</li> <li>• Staff communication and training.</li> </ul> <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><b>Issue/Finding</b></p> <p>While the School had a number of documents and policies in place in respect of Information Governance, testing identified several gaps and areas for improvement as follows:</p> <ul style="list-style-type: none"> <li>• The School did not have an Information Asset Register;</li> </ul>

		<ul style="list-style-type: none"> <li>• The School did not have a document retention policy;</li> <li>• The DPO Officer had not received adequate training to carry out the role and responsibilities that they have been assigned;</li> <li>• The School had not reviewed the use of consent; and</li> <li>• The Schools Business Continuity Plan has not been reviewed and approved by the Full Governing Body in the last 12 months, and the last time this was last done could not be evidenced.</li> </ul> <p><b>Risk</b></p> <p>Where the Schools information governance arrangements are not fully up to date for the DPA 2018 and GDPR, there is a risk that the School is not compliant with the DPA 2018 or GDPR and could be liable for significant fines should a data breach occur.</p>		
<b>Management Response</b>		<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>	<b>Deadline</b>
<p>All of the above components of recommendation 12 will be actioned by May 2020 by the BM and verified by the HT. The findings will be presented to the GB at its May 2020 meeting for approval which will be minuted accordingly.</p>		<p>Agreed</p>	<p>Business Manager</p>	<p>May 2020</p>



Priority	Recommendation 13	Detailed Finding/Rationale		
1	Ensure that the School maintains its registration with the ICO.	<p><b>Expected Control</b></p> <p>Under the Data Protection Act 2018, all data controllers must notify the Information Commissioner’s Office (ICO) about how they process personal information. Each individual school is a data controller and so must register with the ICO. Failure to do so is a criminal offence.</p> <p><b>Issue/Finding</b></p> <p>The School had not been registered with the ICO since February 2019. However this was immediately, upon being identified to the School, rectified by registering at the time of Audit, (i.e. 9 January 2020) backdated to February 2019. The next renewal is due March 2020.</p> <p><b>Risk</b></p> <p>Where the School has not registered with the ICO, there is an increased risk that they may be found guilty of a criminal offence.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>The School has renewed its ICO licence in February 2020.</p> <p>In order to avoid a repeat failure, the School has established a direct debit mandate to ensure automatic renewal of the ICO licence from February 2020.</p> <p>The School BM should maintain an up to date list of all licences including renewal dates and contracts that may need renewal.</p> <p>The GB will review this list every half term and minute the discussion and any required actions.</p>		Agreed	Business Manager	Immediately

**Audit Area: Income**

Priority	Recommendation 14	Detailed Finding/Rationale		
2	Staff debt must be strongly discouraged and immediate action should be taken to recover outstanding school meal debts.	<p><b>Expected Control</b></p> <p>School meals are required to be paid for in advance. In exceptional circumstances, it is recognised that some payments may be late and these may be paid in arrears, but this should not be normal practice. Staff incurring debt sets a poor example and must be strongly discouraged.</p> <p><b>Issue/Finding</b></p> <p>During the testing of the school meal income it was established that there were 11 members of staff that had meal debts. Although these were mostly restricted to less than £5, one was £29.50. Notwithstanding, staff should not have meal debts.</p> <p><b>Risk</b></p> <p>Where school meal charges are not paid in advance and outstanding amounts not collected in a timely manner, there is a risk that these amounts may not be recovered. Where staff accrue school meal debts there is a risk that these may set a bad example.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>No staff will be given food without prior payment. This is the responsibility of catering staff at the point of sale and verified by the BM.</p> <p>Any staff that have not repaid debt by the end of the spring term will be subject to disciplinary action by the HT.</p> <p>The BM is accountable for ensuring that a record of all substantiated unpaid debts are reported to the HT by 20<sup>th</sup> March 2020.</p>		Agreed	Business Manager	Immediately

**Audit Area: Health & Safety**

Priority	Recommendation 15	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><b>Expected Control</b></p> <p>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 appropriate management of building-related risks.</p> <p><b>Issue/Finding</b></p> <p>A checklist of the various responsibilities and duties under current health and safety legislation (as these relate to the maintenance, statutory compliance and repair upkeep of school buildings) was reviewed as part of the audit. Whilst it was evidenced through completion of the checklist 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>• Not all actions identified in the risk assessments have been implemented or evidenced as in progress;</li> <li>• The School’s management had not assessed the competence of their consultants &amp; contractors;</li> <li>• No Glazing Risk Assessment was in place;</li> <li>• No Traffic Management Plan was in place;</li> <li>• Not all copies of operating manuals for all the ‘work equipment’ used in the School or manufacturer’s instructions for all of the gas appliances that it owns were held; and</li> <li>• The School had not documented operating instructions &amp; emergency procedures available for all of its pressure systems.</li> </ul> <p>It is acknowledged that the School has conducted a number of remedial health and safety works the last year, but as highlighted by the schedule in the Finance Report to Governors dated 3 November 2019 these were ongoing.</p> <p><b>Risk</b></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</p>

		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.		
<b>Management Response</b>		<b>Agreed/Disagreed</b>	<b>Responsible Officer</b>	<b>Deadline</b>
<p>The School's health and safety policy will be reviewed at its May 2020 meeting for approval.</p> <p>It is the responsibility of the BM to provide an organisational chart of health and safety responsibilities and duties within the School.</p> <p>A full set of risk assessments should be completed by those staff with relevant responsibilities. The risk assessments should be colour coded, RAG to indicate whether issues have been addressed, in the process of being addressed or not satisfactorily addressed.</p> <p>This is to be held centrally by the BM and presented to the full GB meeting in May 2020 for consideration and approval.</p>		Agreed	Business Manager	May 2020

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The School should include the Scheme for Financing Schools in the Governors Induction Pack.</p>	<p>The School has not included the Scheme for Financing Schools in its Governors Induction Pack.</p> <p>Where the School does not include the Scheme for Financing Schools in its Governors Induction Pack, there is an increased risk that the Governors are not properly aware of the relationship between the Local Authority and the School itself.</p>
<p>2) The School should obtain a signed pecuniary interest form for the Governor who had not yet completed this form yet.</p>	<p>A signed pecuniary interest form was not available for one of the governors.</p> <p>Where signed declarations of pecuniary interests are not completed and signed by all Governors, the School is in breach of the Croydon Scheme for Financing Schools, which states <i>'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.'</i> 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>
<p>3) The Head Teacher should acknowledge any resignations in writing.</p>	<p>Examination of the documents held for the sample of five staff leavers, established that in one instance, although a letter of resignation was received by the School from the leaver, there was no acknowledgement of the leaving date by the Head Teacher. The leaver was on a fixed term contract, however the contract of this employee states that the staff member would inform the school of when they intended to leave, meaning that acknowledgement of resignation is required.</p> <p>Where resignations are not acknowledged in writing and the final day of service confirmed, there is an increased risk that the final leaving date may be disputed.</p>
<p>4) The School should carry out a financial skills audit for the members of staff that have financial responsibilities.</p>	<p>The Schools Financial Value Standard (SFVS) question 6 asks <i>'Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent such as sick leave?'</i> The SFVS support notes provided on the DfE website further explain that, <i>'Schools should analyse the skills of staff with</i></p>

Recommendation	Findings
	<p><i>financial responsibilities to look for any gaps and identify any training and development needs. One way to assess your staff's current skills is to use a skills matrix: the SFVS additional resources document includes an example financial skills matrix. The skills matrix should identify the staff's skills and whether the skills are held by the staff who, in organisational terms, are best placed to use them.'</i></p> <p>While a financial skills assessment for governors had been completed, a similar assessment for school staff with financial responsibilities was not available.</p> <p>Where skills matrices for members of staff with influence over financial decisions are not completed, there is a risk that any gaps are not identified and resolved.</p>

## **AUDIT TERMS OF REFERENCE**

### **Virgo Fidelis Convent Senior School – 2019/20**

#### **1. INTRODUCTION & BACKGROUND**

- 1.1 This audit is being undertaken as part of the Internal Audit Plan for 2019/20, 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	2	2
Budgetary Control & Monitoring	0	0	1
Payroll	0	3	1
Safeguarding	0	0	0
Procurement	2	3	0
Bank Accounts	0	0	0
Information Governance	2	0	0
Health and Safety	0	1	0
Income	0	1	0
<b>Totals</b>	<b>4</b>	<b>10</b>	<b>4</b>



**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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