

Final Internal Audit Report

The Minster Infant School

March 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	
Limited Assurance	Priority 1	2
	Priority 2	11
	Priority 3	3

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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 The Minster Infant School is a Community School and at the time of audit there were 398 pupils attending. It has an expenditure budget of approximately £2.099m for 2019/20.
- 1.2 The audit was undertaken as part of the agreed Internal Audit Plan for 2019/20 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

An individual was being paid directly without the required NI and PAYE deductions being made. **(Recommendation 6)**

Testing of a sample of 15 transactions found that in 13 instances the internal requisition forms were not evidenced as appropriate in advance of the transactions. **(Recommendation 8)**

Issues resulting in Priority 2 Recommendations

The minutes for the Governing Body meeting held on 3 July 2019 were not signed by the Chair of Governors as required. **(Recommendation 1)**

The School did not have an induction pack in place for new governors. **(Recommendation 2)**

The Schools signed budget was sent to the Local Authority on the 22 May 2019, which was after the 1 May 2019 deadline. **(Recommendation 3)**

The School did not have a formal plan to eliminate its deficit budget, although it is acknowledged that as at December 2019 the School did forecast a year end surplus. **(Recommendation 4)**

A self-assessment of their financial skills had only been conducted by one of the governors. **(Recommendation 5)**

The Disclosure Barring Service (DBS) check for one Governor was only evidenced six months after they were appointed. **(Recommendation 7)**

Testing of a sample of 15 purchases found that there were no goods/services received checks evidenced for six of the transactions and for the remaining nine transactions, although stamped 'Received in full', did not record who had conducted the checks. **(Recommendation 9)**

Testing of a sample of 15 purchases found that there were five transactions which were not evidenced as approved by either the Head Teacher or Assistant Head Teachers as required. **(Recommendation 10)**

The Lettings Policy had been approved by the Full Governing Body, but it did not include the fees and charges for the use of facilities. It was also identified that the payments for two lettings in March and June 2019 were still outstanding at time of audit. **(Recommendation 11)**

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 the School overall had a good level of compliance, a number of gaps were noted. **(Recommendation 12)**

There was no evidence that the 2018/19 audited School fund accounts statements had been presented to the Governing Body. **(Recommendation 13)**

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
- Finance Officer
- School Office Manager

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 be signed.</p> <p>In the future, all minutes should be signed by the Chair of Governors at subsequent meetings.</p>	<p>Expected Control</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>Issue/Finding</p> <p>Examination of the School's Governing Body minutes identified that the minutes from the meeting held on 3 July 2019 had not been signed by the Chair of the Governors.</p> <p>Risk</p> <p>Where the minutes of the Governing Body meeting are not signed as required, there is a risk that these may not be an accurate record of the proceedings and the School is in breach of the School Governance (Roles, Procedures and Allowances) (England) Regulations 2013.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The clerk has been instructed to add signing minutes as a standing item under 'governing body business'		Agreed	Chair of Governors / Clerk	31 March 2020

Priority	Recommendation 2	Detailed Finding/Rationale		
2	<p>A governors induction pack should be created, which should include the following documents as a minimum:</p> <ul style="list-style-type: none"> • Croydon Scheme for Financing Schools; • The School's delegation of authorisation levels; • The current School budget; and • The Governors Handbook. <p>All new governors should be provide with a copy of the induction pack.</p>	<p>Expected Control</p> <p>The Department for Education produces a governance handbook as an essential resource for governors and trustees designed to outline the roles and responsibilities for governors including the legal duties of the governing board for all state schools in England. This pack should be supplemented with up-to-date information about the School that the governors are being inducted into as well as regulations from the local authority.</p> <p>Issue/Finding</p> <p>The audit of the School identified that there was no induction pack available for new governors, although it was explained that governors would be sign posted to appropriate training via Octavo (which provides the School's governor services). In particular, the following expected documents / guidance were not evidenced as being provided to new governors:</p> <ul style="list-style-type: none"> • Croydon Scheme for Financing Schools; • The School's delegation of authorisation levels; • The current School budget; and • The Governors Handbook. <p>Risk</p> <p>Where the School does not have a governor's induction pack and important information and documents are not provided to new governors, there is a risk that the governors will not receive the necessary information and not be appropriately briefed to govern the School efficiently.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
HT to make enquiries to obtain Croydon Scheme for Financing Schools. We are familiar with the other documents listed. Documents can be forwarded to the clerk to form an Induction Pack		Agreed	Head Teacher / Clerk	31 May 2020

Audit Area: Budgetary Control & Monitoring

Priority	Recommendation 3	Detailed Finding/Rationale		
2	The School should ensure that the signed budget for the year is submitted before the 1 May deadline.	<p>Expected Control</p> <p>The Council's 'Scheme for Financing Schools' paragraph 2.3 details that, '<i>Governing Bodies are responsible for agreeing an income and expenditure plan for the financial year</i>' and that, '<i>The approved budget is required to be submitted to the Council by 1 May each year.</i>'</p> <p>Issue/Finding</p> <p>Examination of the schools email records identified that the signed budget was submitted to the Council on 22 May 2019, three weeks after the deadline.</p> <p>Risk</p> <p>Where the budget submitted to the Council before the required date, the School is in breach of the 'Scheme for Financing Schools' and there is a risk that the School is unable to demonstrate appropriate budgetary control.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Finance Officer has been made aware that this MUST happen on time.		Agreed	Head Teacher / Finance Officer	Immediate.

Priority	Recommendation 4	Detailed Finding/Rationale
2	A formal plan to help ensure that the School does not again enter a deficit budget should be formulated.	<p>Expected Control</p> <p>The Croydon Scheme for Financing Schools section '4.9 Licensed deficits' details that, 'In certain circumstances, a school may plan for a deficit budget, with the agreement of the LA only if there: - 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 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. Full details will be contained in the Croydon financial documentation on Finance Matters (see Annex A and Annex I). The maximum size of any deficit that may be agreed will be 20% of the school's budget share and the minimum £10,000. The maximum proportion of the collective balances held by the LA that will be used to back the arrangement will not exceed 40%. The plan to put the school back into surplus must not exceed three years.'</p> <p>Issue/Finding</p> <p>The School's 2019/20 budget submitted to the Council on 22 May 2019 was a deficit budget, carrying forward a deficit of £40,878 and estimating a year end deficit position of £73,643. It was confirmed that the required license deficit form had been completed and submitted to the Council; however, this form did not detail a plan to eliminate the deficit, but instead showed the deficit increasing year on year to a 'projected deficit at year end' 2021/2022 of £337,437. It was also noted that the actual carried forward deficit was £58,875 (resulting in a cumulative year end deficit of £91,640) instead of the £40,878 detailed on the form.</p> <p>It is acknowledged that the 'December 2019' budget monitoring report estimates a year end surplus of £41,989 (which it was explained will decrease in January 2020 when backdated salary increases are paid). But, to a large degree this improved budget situation has been due to:</p> <ul style="list-style-type: none"> • Additional one-off pension funding provided by the Local Authority of £35,787; and • Savings on the teaching staff budget, which were explained to include where staff have left and the replacement staff have been at a lower grade.

		<p>While the above help solve the immediate budget issues, these do not fully resolve the longer term issues.</p> <p>Risk</p> <p>Where robust actions are not taken to manage the budget, there is a risk that the School may enter into a deficit budget situation again.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>The budget has been under pressure for a number of years now, due to falling rolls, due to several free schools opening in close vicinity. The Governors have consulted and now plan to reduce PAN for Sept 2021. We are also going through our third round of redundancy/restructuring to reduce staff costs.</p> <p>The budget for 2020-21 has a positive balance, but final year end 2020 figures are not known yet.</p>		Agreed	Head Teacher / Governing Body	This is an ongoing challenge

Priority	Recommendation 5	Detailed Finding/Rationale		
2	<p>A financial skills audit of all the remaining Governors should be carried out and annually thereafter.</p> <p>Skill gaps identified should be used to help target the recruitment of future governors and appropriate governor training.</p>	<p>Expected Control</p> <p>The governments School Financial Value Standard (SFVS) document details that, '<i>The governing body should not only have but should be seen to have adequate financial skills</i>' and that, '<i>Governing bodies should carry out skills audits to identify the skills that are present on the governing body and those that are missing so that this can be addressed by targeting governor recruitment activity.</i>'</p> <p>Issue/Finding</p> <p>It was established that only one Governor had carried out a self-assessment of their financial skills (using the skills matrix provided in the SFVS support notes). There was no evidence that any of the remaining seven Governors had conducted a self-assessment of their financial skills.</p> <p>Risk</p> <p>Where the financial skills of Governors are not assessed, there is a risk that governors cumulatively do not have the right mix of financial skills and that appropriate training to help remedy this is not taken up. Furthermore, the School is not compliant with SFVS.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
This will be added as a standing item on the agenda for April FGBs. However, this year's April FGB has been cancelled so we have asked governors to complete this and email it.		Agreed	Chair of Governors / Clerk	31 May 2020

Audit Area: Payroll

Priority	Recommendation 6	Detailed Finding/Rationale
1	<p>The School should remedy the payments made to the individual engaged as a 'lead teacher in Nursery' to ensure that NI and PAYE deductions are correctly applied. No further payments without the appropriate NI and PAYE deductions should be made.</p> <p>For any future payments to individuals, 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</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.'</p> <p>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>It was established that the School was paying invoices directly to an individual without any NI or PAYE deductions being made. The narration on the copy of the sample invoice dated February 2020 obtained was as follows:</p> <p>As these payments are in relation to the engagement to a specific established role in the School, HMRC will deem the individual to be an employee and will expect NI and PAYE to have been made.</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>

	completing the ESI should also be retained.)			
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
This has been addressed within 2 weeks. The person is now on our payroll as an employee. She has refunded any payments made and we have paid her; backdated to 1 st September.		Agreed	Head Teacher / Finance Officer	N/A Already addressed

Priority	Recommendation 7	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>Expected Control</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 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 Schools Single Central Record provided at time of audit established that for one Governor, the DBS check was evidenced and recorded 7 months after their appointment.</p> <p>Risk</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
Further scrutiny revealed the incorrect entry of a start date. It should have read 21 st October 2018. However, October to January is still quite a long time so our Office Manager will be more persistent in completing the process in a timely fashion		Agreed	Office Manager	Immediate

Audit Area: Procurement

Priority	Recommendation 8	Detailed Finding/Rationale		
1	The School should ensure that all red internal requisition forms are authorised by the Head Teacher before engaging in purchases.	<p>Expected Control</p> <p>The Schools Finance Policy and Procedures Manual, 'Section D10: All Orders Signed By Authorised Signatory' details that <i>'All red internal requisitions must be signed by the staff member who wishes to place an order, the internal requisition must then be authorised and signed by the Headteacher.'</i></p> <p>Issue/Finding</p> <p>Examination of the documentation held at the School for a sample of 15 transactions established that:</p> <ul style="list-style-type: none"> • One of the red internal requisition forms was not authorised by the Head Teacher; • There was no red internal requisition form for one of the purchases; • For 11 of the transactions the red internal requisition form was authorised by the Head Teacher after the invoice had been received. <p>Risk</p> <p>Where red internal requisition forms 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
Financial Policy and Procedures Manual to be updated to include SENCo in the 'authorised signatory' list as this role is Senior Leadership.		Agreed	Head Teacher / Finance Officer	End of summer term 2020

Priority	Recommendation 9	Detailed Finding/Rationale		
2	An appropriate goods received check should be evidenced for all transactions prior to these being paid. This should not be conducted by the person who signed the order or who approves the invoice for payment.	<p>Expected Control</p> <p>The Schools Finance Policy and Procedures Manual states in section 'D13: Check Goods And Services On Receipt', that <i>'The person placing the order of the goods, must check the goods and services on receipt, sign or stamp the delivery notes and pass them to the Finance Officer.'</i></p> <p>Issue/Finding</p> <p>Examination of the documentation held at the School for a sample of 15 transactions established that:</p> <ul style="list-style-type: none"> • For six transactions a goods/services received check was not evidenced; and • For nine transactions, although these were stamped 'Received in full', there was no record of who had conducted the goods/services received check. <p>Risk</p> <p>Where appropriate evidence of goods or services received checks is not retained for each purchase made by the School, there is a risk that payments are made for goods and services that are not received.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
It will be made clear to all staff that whoever checks the goods/services received must also sign delivery notes accordingly.		Agreed	Head Teacher / Finance Officer	Immediate

Priority	Recommendation 10	Detailed Finding/Rationale		
2	<p>The School should ensure that when the invoice is authorised, those who carry out the authorisation give their signatures on records and documents.</p> <p>The Finance Policy and Procedures Manual should also be reviewed and either:</p> <ul style="list-style-type: none"> Section 'A3: Financial Limits of Delegated Authority' be amended to include the Assistant Head Teachers OR Section 'D15: Approved Staff Should Certify Invoices For Payment' be amended to exclude the Assistant Head Teachers. 	<p>Expected Control</p> <p>The Schools Finance Policy and Procedures Manual details in section 'D15: Approved Staff Should Certify Invoices For Payment' that, '<i>The Headteacher or Assistant Headteachers certifies all invoices for payment.</i>'</p> <p>Issue/Finding</p> <p>Examination of the documentation held at the School for a sample of 15 transactions established that there were five transactions where the invoice had not been evidenced as authorised by either the Head Teacher or Assistant Head Teachers:</p> <ul style="list-style-type: none"> Three where there was no evidence of authorisation; Two where the SENCO had authorised the transactions. <p>It was also noted in the Schools Finance Policy and Procedures Manual that, although section D15 allowed '<i>Assistant Headteachers</i>' to certify invoices for payment, as per section 'A3: Financial Limits of Delegated Authority' the Assistant Head Teachers did not have any delegated authority.</p> <p>Risk</p> <p>Where transactions are not evidenced as authorised by either the Head Teacher or Assistant Head Teachers, there is a risk that inappropriate payments are made.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Financial Policies and Procedures Manual to be updated to include SENCO to certify invoices and to include SENCO and Assistant Heads in the list of Financial Limits of Delegated Authority and presented to governors for approval.		Agreed	Finance Officer / Governing Body	End of summer term 2020

Audit Area: Income

Priority	Recommendation 11	Detailed Finding/Rationale		
2	<p>The School should carry out further actions to retrieve the income owed for letting out the use of its facilities.</p> <p>The School should include the fees and charges for lettings of facilities in the Lettings Policy.</p>	<p>Expected Control</p> <p>The Schools Finance Policy and Procedures Manual section 'F3: Lettings Authorisation' details that, 'All lettings must be authorised by the Headteacher within a framework determined by the Governing Body and should be recorded in a diary or register' and section 'F11: Chasing Invoices And Writing Off Debt' details that, 'The Finance Officer on behalf of The Minster Nursery and Infant School chases outstanding invoices which have not been paid within 30 days.' Appendix 8 of the Schools Finance Policy and Procedures Manual is the Lettings Policy.</p> <p>Issue/Finding</p> <p>Testing of the documentation held for a sample of three lettings found that:</p> <ul style="list-style-type: none"> • The School was still waiting for payment for two of the lettings. These dated back to March and June 2019; and • Two lettings had not been evidenced as authorised by the Head Teacher. <p>In addition, the Full Governing Body has approved the Lettings Policy, which is Appendix 8 in the Schools Finance Policy and Procedures Manual, however this does not contain the fees and charges.</p> <p>Risk</p> <p>Where lettings are not paid in a timely manner, there is an increased risk that this income becomes irrecoverable. Where the lettings policy does not include the fees and charges for the letting of facilities and is therefore not approved by the governors, there is an increased risk that that inappropriate prices are levied.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Finance Officer to make diary notes to chase payments in a more timely fashion.		Agreed	Finance Officer	Immediate

Audit Area: Health & Safety

Priority	Recommendation 12	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 appropriate management of building-related risks.</p> <p>Issue/Finding</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 with the School that there was a good overall level of compliance, a number of gaps were noted including:</p> <ul style="list-style-type: none"> • No training for fire wardens; • Emergency procedures are not provided to visitors or contractors; • No asbestos awareness training; • No training for responsibility for water quality; • Have not assessed the competence of consultants and contractors; • No suitable induction training provided to contractors and premises workers; • No glazing risk assessment; • No operating manuals or maintenance logs for School work equipment; • Do not have all the manufacturer's instructions for all gas appliances; • The School has not documented operating instructions and emergency procedures for its pressure systems; and • No register for all equipment provided for working at a height. <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	Responsible Officer	Deadline
<p>As a VA school, point number 5 is often taken care of by the School's surveyor.</p> <p>Regarding the other points, the Site Manager is currently off sick and so we will address these on his return.</p>	<p>Agreed</p>	<p>Head Teacher / Site Manager</p>	<p>As soon as possible</p>

Audit Area: School Fund

Priority	Recommendation 13	Detailed Finding/Rationale		
2	<p>The audited School fund accounts should be annually presented to the Governing Body for approval.</p> <p>Independent assurance should be provided that the expenditure incurred was appropriate.</p>	<p>Expected Control</p> <p>The Schools Finance Policy and Procedures Manual states in section 'L7: Audited Accounts To Governing Bod', that '<i>The Office Manager will present the audited accounts, the auditor's certificate together with a written report on the accounts to the Governing Body as soon as possible after the year end.</i>' The School fund must be used expressly for the benefit of the pupils, otherwise it will lose its charitable status.</p> <p>Issue/Finding</p> <p>Although a copy of the School fund audited accounts for 31 March 2019 (dated October 2019) was obtained, there was no evidence within the Governing Body meeting minutes that these audited statements had been presented to the Governing Body.</p> <p>Furthermore, although the accountants report detailed that, '<i>...The figures therein have been verified to the records held by the School Business Manager</i>' there was no assurance provided that the expenditure incurred was appropriate.</p> <p>Risk</p> <p>Where results of the school fund account are not presented to governors annually, there is a risk that these funds may be mismanaged and that the Governing Body may not be able to demonstrate appropriate stewardship of these funds.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
School Fund Accounts to be a standing item in the Autumn Term FGB.		Agreed	Governing Body / Clerk	Immediate

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The Head Teacher should acknowledge any resignations in writing.</p>	<p>Examination of a documents for the sample of three staff leavers, established that in two instances, although a letter of resignation was received by the School from the leavers, there is no acknowledgement of the leaving date by the Head Teacher</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>2) The School should ensure that it identifies areas for improvement from the benchmarking exercise, and then sets targets for these improvements.</p>	<p>The SFVS support notes on the Department for Education website explains that, <i>'Benchmarking is a process for comparing income and expenditure in detail with that of similar schools to consider whether and how your school can use resources better and identify where changes can be made.'</i></p> <p>It was established that the School had carried out the benchmarking exercise but had not produced any reports on the results.</p> <p>Where the School does not review the benchmarking exercise, there is in an increased risk that the School has not identified any areas within the School that need improvement and this remains unrecognised.</p>
<p>3) The equipment loan forms should be amended to specify the duration of the loan and who authorised the loan.</p>	<p>Examination of the Schools Ipad Loan forms in use identified that these did not specify a loan period or who authorised the loan.</p> <p>Where equipment loan forms do not clearly specify the duration of the loan, there is a risk that any loaned equipment may be difficult to retrieve from the individual. Also, where it is not known who authorised the loan, there is a risk that staff are borrowing School equipment when they should not be permitted.</p>

AUDIT TERMS OF REFERENCE

The Minster Infant 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.

2.1 To confirm that management have controls in place to detect and vigorously, pursue, fraud, corruption, other irregularities, errors and poor value for money.

2.2 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	0
Budgetary Control & Monitoring	0	3	0
Payroll	1	1	1
Safeguarding	0	0	0
Procurement	1	2	1

Bank Accounts	0	0	0
Information Governance	0	0	1
Health and Safety	0	1	0
Income	0	1	0
School Fund	0	1	0
Totals	2	11	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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