

Final Internal Audit Report

Tunstall Nursery School

February 2021

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	
Substantial Assurance	Priority 1	0
	Priority 2	1
	Priority 3	2

Confidentiality and Disclosure Clause

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

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

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1. Introduction

- 1.1 Tunstall Nursery School is a Maintained Nursery School and at the time of audit there were 90 pupils attending. The Nursery School currently has an in-year deficit of £29,642 (against an expenditure budget of approximately £0.624M for 2020/21) and a cumulative deficit of £26,942.
- 1.2 The audit was undertaken as part of the agreed Internal Audit Plan for 2020/21 based on a risk assessment. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.
- 1.3 The fieldwork for this review was completed during the government measures put in place in response to COVID-19. While our review and testing was performed remotely, we have been able to obtain all relevant documents required to complete the review.

2. Key Issues

Priority 2 Issues

The School's 2019/20 completed SFVS self-assessment, although signed by the Chair of Governors, had not been formally agreed by the full Governing Body as required. **(Recommendation 1)**

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 and Personnel Officer

Priority	Recommendation 1	Detailed Finding/Rationale
2	<p>The School's 2019/20 completed SFVS self-assessment should be ratified by the full Governing Body.</p> <p>The Schools SFVS self-assessments for future years must be properly agreed by Governing Body prior to submission to the Council.</p>	<p>Expected Control</p> <p>The Croydon Scheme for Financing Schools details that, '<i>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 31st March and annually thereafter.</i>'</p> <p>Issue/Finding</p> <p>Whilst the School's 2019/20 completed SFVS self-assessment (SFVS) was signed by the Chair of Governors and submitted to the Council on 20 March 2020, this was not evidenced as discussed and agreed by the full Governing Body prior to being submitted.</p> <p>The School explained that the SFVS was due to be agreed at the Governing Body meeting due to be held 24 March 2020, but that this was cancelled due to COVID-19. Instead, the SFVS was agreed via email before being sent to the Council. This e-mail agreement is not; however, valid. Governing Body decisions can only be agreed at properly constituted meetings or via Chair's action (Chairs action allows the Chair of Governors to act on behalf of the full Governing Body on urgent issues, so long as the Chairs action is ratified at the next full Governing Body meeting following that action). There was no evidence of any Chair's action being ratified at the subsequent Governing Body meeting held on 20 April 2020.</p> <p>Risk</p> <p>Where the School's SFVS self-assessment is not properly considered by the full Governing Body as required, the School is in breach of the Croydon Scheme for Financing Schools and is a risk that the SFVS self-assessment may not be accurately completed or reflect the views of the full Governing Body.</p>

Management Response	Agreed/Disagreed	Responsible Officer	Deadline
<p>Due to unprecedented circumstances, in light of the current and ongoing COVID 19 pandemic, the FGB meeting for TNS due to take place on 24th March was unavoidably cancelled. The SFVS could not be agreed at a meeting – systems were not in place to hold virtual meetings at that point in time. School leaders were under pressure to quickly co-ordinate opening for critical workers and vulnerable children only. Both key staff and key Governors were unwell (some exhibited symptoms of COVID 19) during this week. It was impossible to hold a meeting. There was no choice but to approve the SFVS by email. It was submitted to Croydon Council on 30th March 2020, following careful consideration by email.</p> <p>Virtual meetings are now set up and are able to take place should it be inappropriate to carry out an in-person meeting.</p> <p>This year a virtual meeting, where the SFVS will be considered will take place. This will be minuted.</p>	<p>It is agreed that this action was not carried out – however this was due to very difficult, unavoidable circumstances.</p> <p>It is very disappointing that these unusual and extreme circumstances have not been taken into consideration and no allowance has been made.</p>	<p>Leaders / FGB/ Clerk</p>	<p>March 2021</p>

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The School should review the two unreconciled items and look to clear these as soon as possible. Going forward the School should ensure they do not have any unreconciled items older than six months.</p>	<p>Examination of the school’s unreconciled items list at the time of review established that there were two unreconciled items:</p> <p>Whilst noting the two items are low values, where there are unreconciled items older than six months, there is a risk that these will not be accepted by the bank.</p>
<p>2) The asbestos awareness training for ‘BM Cleaner in Charge’ should be progressed.</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>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 gap with asbestos awareness training for ‘BM Cleaner in Charge’ was noted, which was scheduled for December 2020.</p> <p>Where gaps in the checklist of the various responsibilities and duties under current health and safety legislation are not addressed, 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>

AUDIT TERMS OF REFERENCE

Tunstall Nursery School – 2020/21

1. INTRODUCTION & BACKGROUND

- 1.1 This audit was undertaken as part of the Internal Audit Plan for 2020/21, 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	1	0
Budgetary Control & Monitoring	0	0	0
Payroll	0	0	0
Safeguarding	0	0	0

Audit Area	Recommendations Made		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Procurement	0	0	0
Bank Accounts	0	0	1
Information Governance	0	0	0
Health and Safety	0	0	1
Income	0	0	0
Totals	0	1	2

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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