

# Final Internal Audit Report

## Governor Services: Services to Schools

February 2025

Distribution: Director of Education  
Corporate Director, Children, Young People and Education  
Interim Head of Education Services  
Education Consultant  
Head of Performance and Business Intelligence  
Director of Finance & Deputy S151 Officer  
Corporate Director, Resources & S151 Officer

| Assurance Level | Issues Identified |   |
|-----------------|-------------------|---|
| Substantial     | Priority 1        | 0 |
|                 | Priority 2        | 0 |
|                 | Priority 3        | 1 |

### Confidentiality and Disclosure Clause

This report ("Report") was prepared by Forvis 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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**Executive Summary**

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**Detailed Report**

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**Appendices**

1. Terms of Reference
2. Definitions for Audit Opinions and Identified Issues
3. Statement of Responsibility

### 1. Introduction

- 1.1. Croydon Council (“the Council”) offers various administrative services to schools on a commercial basis, including CLEAPSS (a consortium of local authorities providing training and continuous professional development courses for science and D&T teachers and technicians), educational psychology services, IT services, occupational health services, school admissions and school improvement services. Schools can purchase these services from the Council, meaning they do not need to arrange these externally from a third-party. All of these services are collectively termed “Governor Services” and are managed by the Head of Commissioning and Services to Schools in the CYPE directorate.
- 1.2. The Council’s services are offered to schools either through a long-term service contract, where individual services are included in a regular contract fee, or they can be accessed on a ‘pay-as-you-use’ basis. The Council offers to governor services to Multi Academy Trusts (MATs) and Stand-Alone Academies (SAA) in addition to Local Authority (LA) maintained schools.
- 1.3. The Directory of Croydon Services to Schools 2023/24 and 2024/25 outlines the fees charged for Governor Services as follows:

| <b>Governor Services for Schools</b>                                    | <b>2023/24</b>              | <b>2024/25</b> |
|---|-----------------------------|----------------|
| Advice & training annual contract for a school at a fixed fee           | £2,686                      | £2,780         |
| Training annual contract for a school at a fixed fee                    | £1,734                      | £1,795         |
| Bespoke governor advice, training, clerking annual contract for schools | Quotes available on request |                |
| Clerking annual or ad-hoc contract for schools                          | Quotes available on request |                |

- 1.4. This audit is part of the agreed Internal Audit Plan for 2024/25. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

### 2. Key Issues

There were no Priority 1 or Priority 2 findings.

The Priority 3 finding is included under item 3 below.

**3. Priority 3 Issue**

| Agreed action   | Findings   |
|---|--|
| <p><b><u>Control Area 4: Billing and Collection</u></b></p> <p><b><u>Action proposed by management:</u></b></p> <ol style="list-style-type: none"> <li>1. A formally documented process for invoicing now exists with all invoices to be raised within 30 days of purchase as recommended - this approach to be adopted by CDRS also.</li> <li>2. Education Business Support will now be meeting with CDRS monthly to ensure that invoices which have been sent from Education Traded services have been resolved. This it to ensure stronger communication and collaboration between the two services moving forward.</li> </ol> | <p><b>Expected Control</b></p> <p>A formally documented process for invoicing exists, to ensure that Staff raise invoices correctly and within set timescales.</p> <p><b>Issue/Finding</b></p> <p>A sample of ten transactions (instances in which a chargeable service was provided to a school) were selected from a purchases report covering 23 February to 28 October 2024, to test whether invoices had been processed correctly. This includes where services have been provided to a school with a pre-paid contract for services, in which case a transaction will still be logged, but the charge will be registered as £0.</p> <p>Sample testing found that in one case, the invoice was raised 31 days after the purchase date. It is noted that standard payment terms on the Council's invoices are 30 days, meaning that in this case, there could have been a delay of nearly two months in receiving payment.</p> <p>The Education Business Services Manager (EBSM) explained that invoice runs were performed on a weekly basis and details of charges to be invoiced were sent to the Corporate Debt Recovery Services (CDRS) team, who are responsible for issuing the invoice and following up on payment. However, the EBSM advised that there was no agreed timeframe with the CDRS team for raising and invoice after this report is sent to them.</p> |

| Agreed action   | Findings   |
|---|--|
| <p><b>Responsible Officer:</b> Education Business Support Manager</p> <p><b>Deadline:</b> 31 March 2025</p> | <p><b>Risk</b></p> <p>Where there is no timeframe in place for raising invoices, there is a risk for delay in collection of income which could lead to financial loss for the Council.</p> |

## AUDIT TERMS OF REFERENCE

### Services to Schools: Governor Services

#### 1. INTRODUCTION

- 1.1 The London Borough of Croydon (“the Council”) provides multiple services to schools including CLEAPSS (training provider delivering CPD courses for science and D&T teachers and technicians i.e. support in science and technology), continuous professional development, educational psychology service, governor service, IT service, occupational health, school admissions and school improvement service.
- 1.2 As part of Governor Services, the Council provides the following services:
- Up to date, tailored and practical governance advice and guidance;
  - Comprehensive clerking service, ensuring your board is fully supported;
  - Specialist services such as external reviews of governance, independent review panels and governance investigations, and
  - Training and development programmes.
- 1.3 The Council’s services are offered to schools either through a service contract or accessed on a ‘pay-as-you-use’ basis. The Children, Young People and Education Directorate manages these services led by the Director of Education and Head of Commissioning and Services to Schools.
- 1.4 The Council offers to support Multi Academy Trusts (MATs), Stand-Alone Academies (SAA) and Local Authority (LA) maintained schools.
- 1.5 The Directory of Croydon Services to Schools 2023/24 and 2024/25 details that the fees for Governor Services are:

| <b>Governor Services for Schools</b>                                    | <b>2023/24</b>              | <b>2024/25</b> |
|---|-----------------------------|----------------|
| Advice & training annual contract for a school at a fixed fee           | £2,686                      | £2,780         |
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- 1.6. This audit is part of the agreed Internal Audit Plan for 2024/25.

#### 2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.

- 2.2 The audit for each control / process being considered:
- Walked-through the processes to consider the key controls;
  - Conducted sample testing of the identified key controls, and
  - Reported on these accordingly.

### 3. SCOPE

- 3.1 This audit, focused on services to schools, was undertaken as part of the 2024/2025 Internal Audit Plan. The specific scope included the following areas and recommendations:

| Control Areas/Risks                                    | Issues Raised        |                        |                     |
|--|----------------------|------------------------|---------------------|
|  | Priority 1<br>(High) | Priority 2<br>(Medium) | Priority 3<br>(Low) |
| Regulatory, Organisational and Management Requirements | 0                    | 0                      | 0                   |
| Cost Recovery  | 0                    | 0                      | 0                   |
| Marketing to Schools                                   | 0                    | 0                      | 0                   |
| Billing and Collection                                 | 0                    | 0                      | 1                   |
| <b>Total</b>   | <b>0</b>             | <b>0</b>               | <b>1</b>            |

**Definitions for Audit Opinions and Identified Issues**

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        | 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 identified issues are based on the following criteria:

|                                |  |
|--------------------------------|--|
| <b>Priority 1<br/>(High)</b>   | Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk. |
| <b>Priority 2<br/>(Medium)</b> |  |
| <b>Priority 3<br/>(Low)</b>    | the value for money of the review area.  |

## Statement of Responsibility

We take responsibility to 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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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