

Final Internal Audit Report Coloma Convent Girls' School April 2018

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

Assurance Level		Recommendations Made	
Substantial Assurance	Direction of Travel from previous audit: Up from Limited	Priority 1	0
		Priority 2	10
		Priority 3	4

Contents

Page

Executive Summary

1. Introduction.....	2
2. Key Issues.....	2

Detailed Report

3. Actions and Key Findings/Rationale	3
4. Priority 3 Recommendations.....	13

Appendices

1. Terms Of Reference
2. Definitions For Audit Opinions And Recommendations

1. Introduction

- 1.1. Coloma Convent Girls' School is a Voluntary Aided Catholic Comprehensive Girls' School and at the time of audit there were 1,043 pupils attending. It has an expenditure budget of approximately £5.6m for the current financial year.
- 1.2. The audit was undertaken as part of the agreed Internal Audit Plan for 2017/18 based on a risk assessment. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Recommendations and Issues

Priority 2 Recommendations

One set of General Purposes Committee minutes had not been signed by the Chair of the General Purposes Committee. **(Rec 1)**.

The School's scheme of delegation is contained in its Financial Policy and Procedures Manual, which had not been reviewed and approved by the Governing Body since June 2016. **(Rec 2)**.

The School's SFVS was submitted to Croydon Council after the 31 March 2017 deadline. **(Rec 3)**.

The School's budget for 2017/18 was submitted to Croydon Council after the 1 May 2017 deadline. **(Rec 4)**.

We were unable to evidence a current financial skills matrix for Governors or School staff. **(Rec 5)**.

Medical clearance had not been obtained for five new starters. **(Rec 6)**.

Examination of the documentation relating to a sample of fifteen transactions identified that in one instance the order had been raised after the corresponding invoice had been received by the School. **(Rec 7)**

Sample testing identified three transactions where the order and delivery notes had been signed by the same officer. **(Rec 8)**.

Petty cash expenditure was not contained within the limit of £50 authorised by the School's Financial Policy and Procedures Manual. **(Rec 9)**.

The School does not have a five year maintenance plan. **(Rec 10)**.

The priority 3 recommendations are included 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 Department
- Clerk to Governors

3. Actions and Key Findings/Rationale

Audit Area: Governance

Priority	Recommendation 1	Detailed Finding/Rationale
2	The Chair of the General Purposes Committee should be reminded to ensure that meeting minutes are signed as a true and accurate record at the next meeting and that copies of these signed minutes are readily available at the School.	<p>Expected Control The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 Part 5 require that minutes of a proceedings of a governing body or committee are drawn up and are signed by the chair of the next meeting.</p> <p>Issue/Finding The minutes for the General Purposes Committee meeting held on 7 March 2017 were not signed by the Chair of the General Purposes Committee.</p> <p>Risk Where Governing Body minutes are not signed to confirm that these are a true and accurate record, there is a risk that errors or omissions may not be identified and unauthorised initiatives may be implemented.</p>
Management Response		
Accepted		<p>Agreed/Disagreed Agreed</p> <p>Responsible Officer Clerk to Governors</p> <p>Deadline Summer 18</p>

Priority	Recommendation 2	Detailed Finding/Rationale
2	<p>Management should ensure that the Scheme of Delegation is ratified by the full Governing Body. Approval should be clearly minuted in meeting minutes and it should be approved annually thereafter.</p>	<p>Expected Control The School Governance (Procedures) (England) Regulations 2003, paragraph 16 (3) states that, "the governing body must review the exercise of functions it has delegated annually."</p> <p>Issue/Finding The School's Scheme of Delegation is contained in its Financial Policy and Procedures Manual, which had not been reviewed and approved by the Governing Body since June 2016.</p> <p>Risk Where the Scheme of Delegation is not reviewed and formally approved annually, there is a risk that decisions may be made without the appropriate delegated authority and of inadequate control over the financial management of the School.</p>
Management Response		<p>Agreed/Disagreed</p>
Accepted		<p>Responsible Officer Clerk to Governors</p> <p>Deadline 18/19</p>

CROYDON

Priority	Recommendation 3	Detailed Finding/Rationale						
2	The School's SFVS should be completed and sent to the Council by the 31st March annually in accordance with Department for Education requirements.	<p>Expected Control</p> <p>The DfE Schools Financial Value Standard (SFVS) requires that the School must send a copy of the signed self-assessment against the standard to their Local Authority's Finance Department by 31 March each year.</p> <p>Issue/Finding</p> <p>The School's SFVS is dated 5 April 2017. It was submitted to Croydon Council on 6 April 2017, which did not meet the required deadline.</p> <p>Risk</p> <p>If a school does not submit a signed copy of the SFVS self-assessment to the Local Authority by the 31st March annually, no assurance can be provided to the Chief Financial Officer and the School has to be named in the return submitted to the DfE. This could cause reputational damage.</p>						
Management Response		<table border="1"> <thead> <tr> <th data-bbox="805 918 861 1216">Agreed/Disagreed</th> <th data-bbox="805 582 861 918">Responsible Officer</th> <th data-bbox="805 250 861 582">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="861 918 928 1216">Agreed</td> <td data-bbox="861 582 928 918">Clerk to Governors</td> <td data-bbox="861 250 928 582">31st March annually</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Clerk to Governors	31 st March annually
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Clerk to Governors	31 st March annually						
The 17/18 SFVS was submitted on 9/3/18								

Audit Area: Budgetary Control & Monitoring

Priority	Recommendation 4	Detailed Finding/Rationale
2	The School should ensure its annual budget is approved by the Governing Body and then submitted to the Council's Finance Division by the 1st May annually.	<p>Expected Control In line with the Croydon Scheme for Financing Schools (Section 2.3), the Governing Body is required to approve the School's annual budget and submit this to the Council by 1 May each year. This ensures effective budget monitoring by the Council.</p> <p>Issue/Finding The School's budget for 2017/18 was submitted to Croydon Council on 10 May 2017.</p> <p>Risk Where the budget is not approved and submitted to the Council in a timely manner, the School is in breach of the 'Scheme for Financing Schools' and there is a risk that the Council cannot monitor the School's finances effectively.</p>
Management Response	Agreed/Disagreed	Responsible Officer
The 18/19 initial budget was submitted on 29/3/18 and will be resubmitted with the actual year-end balance.	Agreed	School Business Manager
		Deadline
		1 st May annually

Priority	Recommendation 5	Detailed Finding/Rationale
2	<p>A review of the financial management competencies of Governors and staff who have financial responsibilities should be conducted and reviewed on an annual basis. The results of the assessment should be formally documented.</p>	<p>Expected Control The Schools Financial Value Standard (SFVS) Question 1 assesses whether the full Governing Body and senior staff have adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money.</p> <p>Issue/Finding We were unable to evidence a current financial skills matrix for Governors or School staff. The Governors last skills matrix was dated 2015 and was not in the format supplied by the DfE.</p> <p>Risk Where financial skill self-assessments are not completed and returned in a timely manner, there is a risk that skills gaps for staff and Governors are not identified.</p>
Management Response		
Accepted	Agreed	<p>Agreed/Disagreed Agreed</p> <p>Responsible Officer Clerk to Governors</p> <p>Deadline 18/19</p>

CROYDON

Audit Area: Payroll

Priority	Recommendation 6	Detailed Finding/Rationale
2	As part of the recruitment process, satisfactory health clearances should be obtained for new staff prior to commencing work.	<p>Expected Control The School is required to conduct adequate pre-employment checks to confirm the suitability and eligibility of prospective employees, with copies of documents held on individual personnel files. As part of this process, Schools should obtain medical clearance for new starters prior to appointment.</p> <p>Issue/Finding Examination of five new starters identified that none had evidence of a health check on file.</p> <p>Risk Where new members of staff do not receive a medical check prior to commencing employment, there is a risk that they are not fit to carry out some specific roles. This could result in a loss of provision of services through long term illness and potentially a financial loss for the School.</p>
Management Response		
Accepted	Agreed	<p>Agreed/Disagreed</p> <p>Responsible Officer Headteacher's Secretary</p> <p>Deadline 18/19</p>

Audit Area: Procurement

Priority	Recommendation 7	Detailed Finding/Rationale			
2	Where costs relating to transactions can be identified in advance, management should ensure that details of the financial commitments are subject to purchase orders prior to initiating the purchases.	<p>Expected Control</p> <p>Coloma Convent Girls' School Financial Policy and Procedures Manual at section D8 states "Official, pre-numbered orders from the School's accounting system must be used for all goods and services except utilities, rents, rates and petty cash payments."</p> <p>Issue/Finding</p> <p>Examination of the documentation relating to a sample of fifteen transactions identified that in one instance the order had been raised subsequent to the corresponding invoice being received by the School.</p> <p>Risk</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>	Agreed/Disagreed	Responsible Officer	Deadline
Accepted			Agreed	School Business Manager	Immediate

Priority	Recommendation 8	Detailed Finding/Rationale		
2	<p>Goods received checks should be made by an officer who is independent of the ordering and payment process.</p>	<p>Expected Control To demonstrate segregation of duties, the person signing for goods/services should be independent of the ordering and payment process.</p> <p>Issue/Finding Examination of the documentation relating to a sample of fifteen transactions identified that in three instances the same officer had signed the official order and the delivery note.</p> <p>Risk Where evidence of goods/services received checks is not provided by an officer independent of the ordering and payment process, there is a risk that payments may be made for goods and services that are not received or inappropriate expenditure may be incurred.</p>	<p>Agreed/Disagreed Agreed</p>	<p>Responsible Officer School Business Manager</p> <p>Deadline Immediate</p>
<p>Management Response Accepted</p>				

Priority	Recommendation 9	Detailed Finding/Rationale						
2	<p>Petty cash transactions should be contained within the limit of £50 set by the School's Finance Policy and Procedures Manual.</p>	<p>Expected Control Coloma Convent Girls School Financial Policy and Procedures Manual at section J3 states "Payments from petty cash are limited to amounts below £50."</p> <p>Issue/Finding We noted that one petty cash claim for £60 was paid, where the expenditure claimed exceeded the school's petty cash limit of £50.</p> <p>Risk Where petty cash transactions exceed designated limit, there is a risk that petty cash money is not used for intended small purchases. There is also a risk that petty cash is used for purchases that require an official order.</p>						
Management Response								
Accepted		<table border="1"> <thead> <tr> <th data-bbox="805 913 896 1218">Agreed/Disagreed</th> <th data-bbox="805 584 896 913">Responsible Officer</th> <th data-bbox="805 253 896 584">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="805 913 896 1218">Agreed</td> <td data-bbox="805 584 896 913">School Business Manager</td> <td data-bbox="805 253 896 584">Immediate</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	School Business Manager	Immediate
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	School Business Manager	Immediate						

CROYDON

Audit Area: Health & Safety

Priority	Recommendation 10	Detailed Finding/Rationale						
2	The School should develop a five year maintenance plan.	<p>Expected Control</p> <p>In order to ensure that the School maintain its premises and other assets to an adequate standard to reduce the risk of urgent reactive repairs, a five year maintenance plan should be maintained.</p> <p>Issue/Finding</p> <p>The School does not have a five year maintenance plan.</p> <p>Risk</p> <p>Where the School does not have a five year maintenance plan, the School cannot be confident that it is maintaining its premises to an appropriate standard in an economical way.</p>						
Management Response								
Accepted		<table border="1"> <thead> <tr> <th data-bbox="810 913 916 1048">Agreed/Disagreed</th> <th data-bbox="810 577 916 913">Responsible Officer</th> <th data-bbox="810 250 916 577">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="810 913 916 1048">Agreed</td> <td data-bbox="810 577 916 913">School Business Manager</td> <td data-bbox="810 250 916 577">18/19</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	School Business Manager	18/19
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	School Business Manager	18/19						

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The New Governor Induction pack should include The Scheme For Financing Schools.</p>	<p>The DfE recommends that schools provide new governors with an induction pack that gives adequate guidance and that their roles and responsibilities have been explained.</p> <p>Examination of the New Governor Induction pack indicated that this did not include: The Scheme For Financing Schools.</p>
<p>2) Copies of documents obtained as part of the recruitment process 'right to work in the UK verification checks' should be marked 'original seen', signed and dated.</p>	<p>The advice on the GOV.UK website states that, 'You must check that a job applicant is allowed to work for you in the UK before you employ them. You must see the applicant's original documents. You must check that the documents are valid with the applicant present. You must make and keep copies of the documents and record the date you made the check. You could face a civil penalty if you employ an illegal worker and haven't carried out a correct right to work check.'</p> <p>A sample of five recent staff appointments was examined. Although evidence of 'right to work in the UK' checks in the form of copies of passports being retained was available, these documents were not marked 'Original seen' to confirm that the original copies of these were seen or signed and dated.</p>
<p>3) Management controls should be established to ensure that unreconciled payments and receipts shown on the accounting system are periodically reviewed and cleared when over six months old. The items currently shown on the 'Unreconciled Items Listing' should be investigated and, where appropriate, cancelled.</p>	<p>It is banking practice that banks will only honour a cheque payment into a bank account if the item is less than six months old. In performing bank reconciliations, accounting standards recommend that all unreconciled items over six months old should be investigated and cleared off the system.</p> <p>Examination of an 'Unreconciled Items Listing' established that there were three unreconciled items over six months old.</p> <p>Where unreconciled items are not removed from the system, there is a risk that the School's financial position may appear distorted and of non-compliance with accounting regulations.</p>

CROYDON

4) The Head Teacher should sign all equipment loan forms to evidence authorisation of the loans.

Examination of twenty six laptop loan forms evidenced that they had all been signed by the borrower, but had not been authorised by the Head Teacher.

Where the Head Teacher does not authorise equipment loans, there is a risk that inappropriate loans might occur.

**Agreed Terms of Reference
Coloma Convent Girls' School – 2017/18**

1. INTRODUCTION & BACKGROUND

1.1 This audit is being undertaken as part of the agreed Internal Audit Plan for 2017/18.

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

Procurement	0	3	0
Bank Accounts	0	0	1
Information Governance	0	0	1
Income	0	0	0
Health and Safety	0	1	0
School Fund	0	0	0

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.