

Final Internal Audit Report Howard Primary School January 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: No change from Substantial	Priority 1	0
		Priority 2	7
		Priority 3	6

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1. Introduction

- 1.1. Howard Primary School is a Community School and at the time of audit there were 390 pupils attending. It has an expenditure budget of approximately £1.9m 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
The School's Clerk was employed within the School and thus was not sufficiently independent (Rec 1).
There was no evidence of the Governing Body approving the Finance and Premises Committee terms of reference as required (Rec 2).
There was no evidence of the Governing Body approving the School's Scheme of Delegation as required (Rec 3).
Three of the Governing Body meeting minutes examined did not include a standing opening agenda item for the declaration of interests (Rec 4).
The School did not submit its annual safeguarding audit to the Council by the required deadline date (Rec 5).
Goods or services received checks had not been evidenced for 3 out of the 15 transactions sampled (Rec 6).
A copy of the School's current bank signatures listing was not held. (Rec 7).

The 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

3. Actions and Key Findings/Rationale

Audit Area: Governance

Priority	Recommendation 1	Detailed Finding/Rationale		
2	The Governing Body should formally review its clerking arrangements giving proper consideration to the independence of the Clerk (the Clerk should not be a member of the School staff).	<p>Expected Control</p> <p>The Clerking Matters report commissioned by the DfES in 2001 explains that the clerk's first loyalty must be to the whole Governing Body and not the Principal or anyone else and that the clerk should be perceived to be an independent source of advice and information.</p> <p>Issue/Finding</p> <p>The Clerk to the Governing Body is also the School's administrative assistant.</p> <p>Risk</p> <p>Where the Clerk to the Governing Body is not independent from the management structure in place at the School, there is risk that the Clerk will be influenced (or be perceived to be) by decisions made by officers other than the Governing Body.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The Clerk is employed specifically as Clerk and also as an additional Admin support to the Head Teacher and SLT. The Governing Body is aware of the position of the Clerk at the time she was employed and mitigates the risk identified. The primary role of the Clerk at Howard is to assemble and distribute paperwork for the governor meetings and to record the minutes of the meetings of the full governing body and the sub-committees. These minutes are reviewed and approved		Disagreed	Chair of Governing Body	N/A

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<p>by the appropriate committee allowing ample opportunity for any influence or bias to be removed.</p> <p>Where the governors require advice or information they use the LA or external advisors such as JCA or Octavo. The overriding priority for the governors has been to secure a permanent clerk committed to a long-term relationship with the governing body. We will monitor the appointment but currently see no need to change the existing arrangement which is working well for all parties.</p>	
<p>Audit Comment</p> <p>The above is acknowledged. However, the Governing Body should still formally review its clerking arrangements giving proper consideration to the independence of the Clerk.</p>	

Priority	Recommendation 2	Detailed Finding/Rationale						
2	<p>The Governing Body should review and approve the terms of reference of the Finance and Premises Committee annually.</p>	<p>Expected Control The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 22 (1) states that, 'The governing body must determine the constitution, membership and terms of reference of any committee they decide to establish and review them annually.'</p> <p>Issue/Finding Although the Finance and Premises Committee terms of reference were approved by the Finance and Premises Committee on 16 October 2017, there was no evidence of these being agreed by the full Governing Body as required.</p> <p>Risk Where committee terms of reference are not annually reviewed and approved by the Governing Body as required, there is a risk that the terms of reference are incorrect or out of date and that the committee may not perform the functions expected. Furthermore, any changes to the terms of reference by the Finance and Premises Committee will not be valid.</p>						
Management Response								
<p>The terms of reference were referenced at the FGB in the review of the Finance and Premises minutes. In future we will ensure that they are specifically agreed by the FGB.</p>		<table border="1"> <thead> <tr> <th data-bbox="1046 913 1110 1218">Agreed/Disagreed</th> <th data-bbox="1046 584 1110 913">Responsible Officer</th> <th data-bbox="1046 250 1110 584">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1110 913 1171 1218">Agreed</td> <td data-bbox="1110 584 1171 913">Chair, Finance and Premises</td> <td data-bbox="1110 250 1171 584">28 February 2018</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Chair, Finance and Premises	28 February 2018
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Chair, Finance and Premises	28 February 2018						

Priority	Recommendation 3	Detailed Finding/Rationale		
2	<p>Management should ensure that the School's 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</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 18 (3) states that, 'The governing body must review the exercise of functions they have delegated, annually.'</p> <p>Issue/Finding</p> <p>Although the School's scheme of delegation was approved by the Finance and Premises Committee on 16 October 2017, there was no evidence of this being agreed by the full Governing Body as required. It should be noted that the Finance and Premises Committee also approved the School's Financial Policies and Procedures Manual, which details some delegations, at the same meeting.</p> <p>Risk</p> <p>Where the School's scheme of delegation is not formally approved by the Governing Body 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>		
<p>Management Response</p> <p>The Scheme of Delegation was discussed and approved at the Finance and Premises Committee on 16 October. At the time of the Audit the following FGB had not taken place. However we will ensure that it is tabled for agreement at the next meeting.</p>		<p>Agreed/Disagreed</p> <p>Agreed</p>	<p>Responsible Officer</p> <p>Chair, Finance and Premises</p>	<p>Deadline</p> <p>28 February 2018</p>

Priority	Recommendation 4	Detailed Finding/Rationale		
2	The Chair of Governors should ensure that the declaration of business interests is a standing opening item at each Governing Body meeting.	<p>Expected Control</p> <p>The SFVS Guidance for Question 5 states that, 'Declarations of interest' should be a standing item at the beginning of the agenda for every governing body meeting to help identify potential conflicts of interest and if any updating or further action is needed.'</p> <p>Issue/Finding</p> <p>Governing Body minutes for meetings held on 27 February, 8 March and 25 April 2017 did not include declarations of business interests as a standing opening item.</p> <p>Risk</p> <p>Where declarations of business interest are not a standing opening item at committee meetings, there is a risk that conflicts of interest may take place and go undetected. There is also a risk that the School may not be able to demonstrate that 'fair' and 'open' decisions have been made for the benefit of the School.</p>		
<p>Management Response</p> <p>Declarations of interest are covered at the start of every meeting. We will ensure this is on the agenda and minuted in future. The Audit finding is, however, incorrect in that the minutes of the meeting for 8 March did include declarations of business interests as an item. The other meetings were meetings of the Governing body but were extraordinary meetings to discuss specific items relating to recruitment of head teacher and therefore did not, on those occasions, follow the standard agenda.</p>		<p>Agreed/Disagreed</p> <p>Agreed</p>	<p>Responsible Officer</p> <p>Chair of Governors</p>	<p>Deadline</p> <p>28 February 2018</p>
<p>Audit comments</p>				

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<p>The copy of the signed minutes of the meeting 8 March 2017 provided to Internal Audit clearly do not evidence declarations of interests as a business item.</p> <p>It is noted that page 1 of the minutes ends with agenda item 1 and page 2 (which is numbered as such) of the minutes commences with agenda item 4, thus that agenda items 2 and 3 were not included in the minutes.</p>			
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Audit Area: Safeguarding

Priority	Recommendation 5	Detailed Finding/Rationale		
2	The School should submit its annual safeguarding self-assessment to Croydon Council by the deadline requested.	<p>Expected Control</p> <p>Section 11 of the Children's Act 2004 and Section 157/175 of the Education Act 2002 require that the Local Authority, maintained schools and other education providers "make arrangements for ensuring that their functions relating to [their] conduct are exercised with a view to safeguarding and promoting the welfare of children who are pupils at the school". Croydon Council require the School's annual safeguarding audit to be submitted by Friday 9 December 2016.</p> <p>Issue/Finding</p> <p>The School's annual safeguarding self-assessment for 2016/17 was submitted to Croydon Council on 30 January 2017, almost 2 months late. We were informed that it was late because it coincided with an Ofsted inspection.</p> <p>Risk</p> <p>If the School's annual safeguarding self-assessment is submitted late, the Council is not properly aware of the School's safeguarding arrangements and there is a risk that, if needed, the Council may not be able to take appropriate action/s.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
The safeguarding assessment fell due at the time of our Ofsted inspection. The Auditor was given information and shown emails between the school explaining why it was sent in late and acknowledgements from the LA. The school has re-contacted the LA lead, David Butler, who has confirmed this. It was an oversight and won't happen again as the school takes their safeguarding responsibility very seriously. The 2017 safeguarding audit has been returned on time.		Agreed	Head Teacher	Complete

Audit Area: Procurement

Priority	Recommendation 6	Detailed Finding/Rationale
2	The Head Teacher should ensure that officers checking that the goods/services have been received sign delivery notes/invoices accordingly.	<p>Expected Control The Howard Primary School 'Financial Policies and Procedures Manual, section D12 states that, 'The Headteacher or a member of staff must check goods and services on receipt match the order which should be annotated accordingly.'</p> <p>Issue/Finding Goods or services received checks were not evidenced for three out of the sample of 15 transactions tested.</p> <p>Risk Where appropriate evidence of goods/services received checks is not retained, there is a risk that payments are made for goods and services that are not received.</p>
Management Response		
We will review procedures to ensure that agreed school policies are being implemented in all cases and, if not, why not.		<p>Agreed/Disagreed Agreed</p> <p>Responsible Officer Chair, Finance and Premises</p> <p>Deadline 28 February 2018</p>

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Audit Area: Bank Accounts

Priority	Recommendation 7	Detailed Finding/Rationale						
2	The School should obtain a copy of the bank mandate form.	<p>Expected Control Section 3.5.1 of Croydon Council's Scheme For Financing Schools anticipates that all cheque signatories will be employees of the school.</p> <p>Issue/Finding While the School was able to provide a letter to the Bank requesting changes to cheque signatories, it was unable to provide confirmation from the Bank that this request had been implemented. Therefore, the Auditor was unable to verify whether all cheque signatories were current employees of the School.</p> <p>Risk If the School does not have a record of its bank cheque signatories confirmed by the Bank, it cannot be certain that all cheque signatories are current employees.</p>						
Management Response								
We will chase the bank for confirmation of the registered cheque signatories.		<table border="1"> <thead> <tr> <th data-bbox="919 913 959 1218">Agreed/Disagreed</th> <th data-bbox="919 584 959 913">Responsible Officer</th> <th data-bbox="919 250 959 584">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="967 913 1010 1218">Agreed</td> <td data-bbox="967 584 1010 913">Office Manager</td> <td data-bbox="967 250 1010 584">31 December 2017</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Office Manager	31 December 2017
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Office Manager	31 December 2017						

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The New Governor Induction pack should include the Croydon Scheme for Financing Schools and the Governor's Guide to School Governance.</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, School's delegation of authorisation levels, the School's 2017/18 Budget, the DfE's Governance Handbook or Competency Framework or a list of training available for Governors.</p>
<p>2) The summary of remedial action and timetable in Section E of the School's Financial Value Standards (SFVS) Self-assessment should be completed in future for all questions answered as "In Part".</p>	<p>Guidance detailed on the Department for Education website states that, 'Local Authority (LA) maintained schools are required to complete the SFVS assessment once a year. Answering Yes should be complemented by supporting evidence and answering In Part or No should be followed by a brief summary and any remedial action that is to be taken. An annual review is required thereafter by all maintained schools.</p> <p>In the School's SFVS self-assessment for 2016/17, approved on 8 March 2017, two (Questions 8 & 25) were answered 'In Part'. While remedial action for question 8 was contained in Section E, there was no remedial action listed for question 25.</p>
<p>3) Two written references should be obtained for candidates prior to the commencement of employment. These references should be retained in the successful candidate's personnel file.</p>	<p>The 'Safeguarding children and safer recruitment in education' statutory guidance paragraph 3.48 states that, 'An offer of appointment to the successful candidate should be conditional upon the receipt of at least two satisfactory references.'</p> <p>From a sample of three starters examined in one case (LS) it was found that the second reference had only been obtained a month after the employee had already started working at the School.</p> <p>Where two references are not obtained prior to employment, there is a risk that the School may hire based upon false pretences, which could lead to endangerment of children or unqualified personnel obtaining employment.</p>

<p>4) 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 three 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>5) The School's Business Continuity Plan should be reviewed.</p>	<p>The School Financial Value Standard (SFVS) question 25 'Continuity or disaster recovery plans' asks, 'Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?' The SVFS support notes detail that, 'The plan must be kept up-to-date: any element of it that has become out of date is likely to be of no use in an emergency.'</p> <p>The Schools Business Continuity Plan was last reviewed on 2 February 2015. It is; however, noted that there is a new draft version awaiting approval by the Governing Body.</p> <p>If the Business Continuity Plan is not regularly reviewed, there is a risk that this may no longer be relevant or contact and other details may have changed.</p>
<p>6) The Head Teacher should authorise laptop loan forms.</p>	<p>The School's laptop loan form does not contain details of the laptop or make provision for authorisation of the loan.</p> <p>Examination of fourteen laptop loan forms found that none were evidenced as authorised.</p>

**Agreed Terms of Reference
Howard Primary 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	4	2

Budgetary Control & Monitoring	0	0	0
Payroll	0	0	2
Safeguarding	0	1	0
Procurement	0	1	0
Bank Accounts	0	1	0
Information Governance	0	0	2
Income	0	0	0
Health and Safety	0	0	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.