

Final Internal Audit Report

The Federation of St. Joseph's Catholic Junior, Infant and Nursery Schools

February 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	
Limited Assurance	Direction of Travel from previous audit: Down from Substantial	Priority 1	4
		Priority 2	14
		Priority 3	7

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1. Introduction

- 1.1. The Federation of St Joseph's Junior, Infant and Nursery Schools is in the diocese of Southwark. In September 2011 the Infant and Junior Schools federated. The Federation has a nursery class for 3/4 year olds, providing for 30 part-time places and the infants school has a published admission number of 90. It has an expenditure budget of approximately £1.2m for the Junior School and £1.1m for the Infants School 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 1 Recommendations

The Schools 2016/17 SFVS submitted to the Council was not approved in advance by the full Governing Body as required, was completed on the old 23 question version and the assessment for a number of the questions is not in line with the findings of this audit (**Rec 2**).

There was no evidence of a barred list check being conducted for one of the new starters sampled, where their DBS check was only provided after their employment commenced, (**Rec 8**).

Appropriately authorised orders were not available for eight of the fifteen transactions sampled, (**Rec 10**).

Appropriate goods or services received checks were not evidenced for thirteen of the fifteen transactions sampled, (**Rec 11**).

Priority 2 Recommendations

The Federation of St. Joseph's Catholic Junior, Infant and Nursery schools' Financial Policies and Procedures Manual, although presented to the Governing Body, was not evidenced as approved, (**Rec 1**).

The approved 2017/18 budget for the Junior School did not reconcile to the budget input on SIMs, (**Rec 3**).

The School does not have a three year forward budget plan (**Rec 4**).

Signed quarterly budget monitoring reports for 2016/17 and 2017/18 were not available, (**Rec 5**).

There was no evidence that the vacancies had been advertised for any of the three starters sampled. (**Rec 6**).

The signed application form and panel notes were not held for one out of the three new starters sampled, (**Rec 7**).

Evidence of medical clearance was not retained in the file for two out of three new starters sampled **(Rec 9)**.

Four out of fifteen invoices examined had not been evidenced as appropriately authorised **(Rec 12)**.

Formal monthly cashflow reporting was not in place **(Rec 13)**.

The previous Head Teacher had not yet been removed as a bank account signatory, **(Rec 14)**.

The School does not have a documents retention policy **(Rec 15)**.

The School does not have a Lettings Policy **(Rec 16)**.

The School does not have a five year maintenance plan **(Rec 17)**.

The School Fund accounts have not been audited and presented to the Governing Body **(Rec 18)**.

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
- School Business Manager

3. Actions and Key Findings/Rationale

Audit Area: Governance

Priority	Recommendation 1	Detailed Finding/Rationale						
2	<p>The Federation of St. Joseph's Catholic Junior, Infant and Nursery schools' Financial Policies and Procedures Manual should be annually approved by the full Governing Body. Approval should be clearly recorded in the meeting minutes.</p>	<p>Expected Control</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 218 'Delegation of functions' details that, '(3) The governing body must review the exercise of functions they have delegated, annually.'</p> <p>Issue/Finding</p> <p>The Federation of St. Joseph's Catholic Junior, Infant and Nursery schools' Financial Policies and Procedures Manual, which includes the Schools scheme of financial delegation, details that it was adopted in the Autumn of 2017. However, examination of the draft minutes for the Governing Body meeting held on 21 November 2017 notes that the Manual had been updated but does not evidence that this revised Manual had been approved by the Governing body as required.</p> <p>Risk</p> <p>Where Finance Policy and Procedures, including functions delegated by the Governing Body, are not reviewed annually and formally approved, 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		<table border="1"> <thead> <tr> <th data-bbox="1233 949 1284 1218">Agreed/Disagreed</th> <th data-bbox="1233 584 1284 949">Responsible Officer</th> <th data-bbox="1233 248 1284 584">Deadline</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline			
Agreed/Disagreed	Responsible Officer	Deadline						

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<p>The revised Financial Policies and Procedures Manual had been reviewed by both the Resources Committee and Full Governing Body and was approved on 21/11/2017. Unfortunately the wording used by the clerk has not conveyed this effectively. However we do agree that the manual should be reviewed and updated on an annual basis.</p>	<p>Disagreed</p>	<p>CoG</p>	
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Priority	Recommendation 2	Detailed Finding/Rationale
1	<p>The Schools SFVS assessment for 2017/18 must be:</p> <ul style="list-style-type: none"> - Approved by the full Governing Body before being submitted to the Council before 31 March 2018. - On the correct SFVS self-assessment form. - Critically reviewed in light of recommendations raised in this audit report. - Detail remedial action/s for any questions answered 'no' or 'in part'. 	<p>Expected Control</p> <p>The Croydon Scheme for Financing Schools 2.16 - Schools Financial Value Standard (SFVS) states that, 'All local authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis.</p> <p><i>It is for the school to determine at what time in the year they wish to complete the form. 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>It was confirmed that the School's SFVS self-assessment, signed by the Chair of Governors, was submitted to Croydon Council on 29 March 2017. However, the SFVS was only discussed and approved by the Governing Body on 6 April 2017.</p> <p>Examination of the School's SFVS self-assessment noted that:</p> <ul style="list-style-type: none"> - The SFVS self-assessment is the old version and only contains 23 and not the required 25 questions; - Although one of the questions is answered 'no' and two are answered 'in part', there is no remedial action/s detailed in section E of the form. - Question 4, which asks whether the Governing body received budget monitoring reports at least 3 times a year, was answered 'yes' which is not in line with the findings detailed in this report. - Question 18, which asks whether previous audit recommendations have been addressed is answered 'Yes', yet one of the audit recommendations was that, 'The school should produce a three-year budget forecast' which the School in Question 9 states that it does not do.

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	<ul style="list-style-type: none"> - The narration to Question 17 includes the text 'Tammy, please provide more detail – I don't have it to hand in China' which indicates that this is incomplete and was not reviewed properly. - Based on recommendations in this audit report relating to the schools purchasing procedures, the School needs to critically review its assessment of Question 13. <p>Risk</p> <p>Where the SFVS self-assessment is incomplete and not approved by the full Governing Body, not only is the School in breach of the Scheme for Financing Schools, but may not be able to properly demonstrate appropriate financial management of the School. Furthermore, there is a risk that the Governors are unaware of the School's control environment and where additional resources should be focused for improvement and prevention.</p>						
<p>Management Response</p> <p>We accept that the wrong version of the SFVS was submitted to the LA and that, although it was discussed by Governors prior to 20/03/17 further revisions were made subsequently, therefore it was not formally approved until 06/04/2017. We will ensure that it will be approved before 31/03/2018.</p>	<table border="1"> <thead> <tr> <th data-bbox="699 918 766 1220">Agreed/Disagreed</th> <th data-bbox="699 582 766 918">Responsible Officer</th> <th data-bbox="699 250 766 582">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="766 918 962 1220">Agreed</td> <td data-bbox="766 582 962 918">CoG</td> <td data-bbox="766 250 962 582">31/03/2018</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	CoG	31/03/2018
Agreed/Disagreed	Responsible Officer	Deadline					
Agreed	CoG	31/03/2018					

Audit Area: Budgetary Control & Monitoring

Priority	Recommendation 3	Detailed Finding/Rationale								
2	<p>The School should ensure that the Budget is set up correctly on SIMS and that any changes are processed with virements.</p>	<p>Expected Control In order to help ensure that funding is used in accordance with the School's priorities, the budget should be set up on SIMS Finance in accordance with that approved by the Governing Body.</p> <p>Issue/Finding Examination of a sample of budget headings as per the Junior School's approved 2017/18 budget and the budget input on SIMS noted the following:</p> <ul style="list-style-type: none"> - The budget for 'Teaching Staff' was approved at £573,264 whereas £573,269 had been input on SIMS; - The budget for 'Education Support Staff' was approved at £199,881.47 whereas £199,879 had been input on SIMS; - The budget for 'Energy' was approved at £15,301 whereas £22,960 had been input on SIMS; - The budget for 'Supply teacher Insurance' was approved at £699 whereas £Nil had been input on SIMS; - The budget for 'Other Insurance Costs' was approved at £7,658 whereas £Nil had been input on SIMS; <p>Risk Where the budget is incorrectly set up, there is a risk that funds intended for one purpose may incorrectly be used for another. This may lead to unanticipated costs occurring resulting in overspend of the Budget.</p>								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="1200 1684 1260 1930">Management Response</th> <th data-bbox="1200 1214 1260 1684">Agreed/Disagreed</th> <th data-bbox="1200 878 1260 1214">Responsible Officer</th> <th data-bbox="1200 257 1260 878">Deadline</th> </tr> </thead> <tbody> <tr> <td colspan="4" data-bbox="1200 257 1260 878" style="height: 40px;"> </td> </tr> </tbody> </table>			Management Response	Agreed/Disagreed	Responsible Officer	Deadline				
Management Response	Agreed/Disagreed	Responsible Officer	Deadline							

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<p>The Schools' Financial Consultant normally undertake financial reporting using their own standard reports rather than using FMS system generated reports. This means that we were unaware of an FMS report mapping error. In the future the School Business Manager (SBM) will be working with the Financial Consultant to ensure that the information produced from FMS is accurate.</p>	<p>Agreed</p>	<p>SBM</p>	<p>31/03/2018</p>
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Priority	Recommendation 4	Detailed Finding/Rationale		
2	The School should complete a three year budget plan forecast.	<p>Expected Control</p> <p>The School Financial Value Standard (SFVS) question 11 asks, 'Does the school make a forward projection of budget, including both revenue and capital funds, for at least three years, using the best available information?'</p> <p>Issue/Finding</p> <p>The School does set or agree a three year forward budget plan.</p> <p>Risk</p> <p>Where a school does not produce a three year budget forecast, there is a risk that it may not anticipate variations that need to be made to expenditure to be able to set a balanced budget in future years.</p>		
<p>Management Response</p> <p>Although the DfE, through SFVS guidance, suggests that it is good practice for schools to undertake "forward projection of budget for at least three years", it is not a requirement for Schools to produce 3 year budgets under S2.3 of the Scheme for Financing Schools. We believe that given the forthcoming changes through the NFF, setting 3 year budgets may be rather misleading. However we do have access to HCSS budgeting software which allows us to produce 3 year budgets and can do so in the future.</p>		Disagree	Headteacher / SBM	
<p>Audit comment</p> <p>The Croydon Scheme for Financing Schools S2.16 does require the School to comply with SFVS, including question 11.</p>				

Priority	Recommendation 5	Detailed Finding/Rationale		
2	<p>The School should ensure that appropriate formal quarterly budget monitoring procedures are in place and that the Head Teacher evidences her review by signing the quarterly budget reports and that the Chair of Governors signs the quarterly budget reports to confirm acceptance.</p>	<p>Expected Control</p> <p>St Joseph's Financial Policies and Procedures Manual section C2 states that, <i>'The Headteacher should provide budget monitoring reports to the Resources Committee at least quarterly which, when approved, are presented to the whole Governing Body.'</i> This is line with the requirements of SFVS question 4.</p> <p>Issue/Finding</p> <p>Copies of signed quarterly budget monitoring reports for 2016/17 and 2017/18 for both the Infants and the Junior Schools were not available or provided at the time of audit.</p> <p>Risk</p> <p>Where quarterly budget monitoring is not evidenced, there is a risk that appropriate budget monitoring has not occurred, that appropriate actions to manage the budget are not taken and that the School does not meet its budget plan.</p>		
<p>Management Response</p> <p>The Headteacher has provided budget monitoring reports to the Resources Committee on a quarterly basis however, due to poor record keeping, we were unable to evidence this at the time of the audit. The Headteacher will be supported by the SBM in ensuring that this is actioned and recorded accurately in the future.</p>		<p>Agreed/Disagreed</p> <p>Agreed</p>	<p>Responsible Officer</p> <p>Headteacher / SBM</p>	<p>Deadline</p> <p>18/01/2018</p>

Audit Area: Payroll

Priority	Recommendation 6	Detailed Finding/Rationale		
2	In future all staff vacancies should be advertised in the public domain.	<p>Expected Control</p> <p>It is advisable to advertise all staff vacancies in order to be able to recruit from a large pool of potential employees and to demonstrate that the school has used an open and transparent recruitment process in order to recruit the most suitable employee</p> <p>Issue/Finding</p> <p>Examination of the documentation retained relating to the appointment of three recent starters was unable to evidence that any of the vacancies had been advertised.</p> <p>Risk</p> <p>If the School does not advertise staff vacancies, there is a risk that it cannot demonstrate due diligence or that an open and transparent recruitment process was undertaken to recruit the most suitable employee.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
We agree that all staff vacancies should be widely advertised in order to increase chances of finding the best candidate. However, in order to recognise existing talent within the school and provide scope for staff progression, we would like to also exercise internal recruitment from time to time; giving all existing staff within the Federation the opportunity to apply for vacancies by uploading the vacancy information on the School website.		Agreed	Headteacher	22/02/2018

Priority	Recommendation 7	Detailed Finding/Rationale						
2	In future signed application forms and panel notes should be retained in each new starter's file (the panel notes are only required to be kept for 6 months).	<p>Expected Control</p> <p>In order to help ensure that all relevant information on prospective interviewees is obtained, application forms should be completed by these employees, who should sign the forms to declare the information provided is true and correct. The 'Keeping children safe in education - Statutory guidance for schools and colleges' requires that all recruitment interviews are conducted by a panel, which includes at least one member trained in safeguarding.</p> <p>Issue/Finding</p> <p>In one out of three cases of new starters files examined there was no signed application form or panel notes available.</p> <p>Risk</p> <p>If application forms are not obtained from job applicants, there is a risk that the School may make an appointment that is not based on objective information and may not appoint the best applicant for the vacancy. Where appropriate panel notes are not available, the School is not able to demonstrate compliance with the 'Keeping children safe in education - Statutory guidance for schools and colleges'.</p>						
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Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Headteacher / SBM	01/03/2018						

Priority	Recommendation 8	Detailed Finding/Rationale
1	For all future starters, where a DBS check is not available, a barred list check must be conducted before their commencement date.	<p>Expected Control</p> <p>The 'Keeping children safe in education - Statutory guidance for schools and colleges' paragraph 88 states that, 'a person will be considered to be engaging in regulated activity if, as a result of their work, they: ...will carry out paid, or unsupervised unpaid, work regularly in a school or college where that work provides an opportunity for contact with children' and paragraph 94 states that, 'Where a school or college allows an individual to start work in regulated activity before the DBS certificate is available, they should ensure that the individual is appropriately supervised and that all other checks, including a separate barred list check, have been completed.'</p> <p>Issue/Finding</p> <p>Examination of the documentation retained relating to the appointment of three recent starters established that a barred list check had not been conducted for one of these starters (started on 1 September 2017) despite her DBS check only being made available to the School over a month (on 12 October 2017) after she started.</p> <p>Risk</p> <p>Where a barred list check is not conducted for new starters whose DBS check is not available, there is a risk that inappropriate persons may be appointed and provided access to children.</p>
Management Response	There was an exceptional delay in applying for the DBS, however DBS checks are portable between employers; "from March 2013 and <u>you can accept a certificate that was requested for a previous role</u> " and as this teacher was in possession of a valid Enhanced DBS from a school within the Croydon Catholic Cluster, the Headteacher believed it was acceptable to let her start employment within the Federation.	<p>Agreed/Disagreed</p> <p>Disagreed</p> <p>Responsible Officer</p> <p>Headteacher</p> <p>Deadline</p>

Audit comment			
<p>The 'Keeping children safe in education: Statutory guidance for schools and colleges' S105 states that, 'There is no requirement to obtain an enhanced DBS certificate or carry out checks for events that may have occurred outside the UK if, in the three months prior to their appointment, the applicant has worked:</p> <ul style="list-style-type: none"> • <i>in a school in England in a post which brought them into regular contact with children or young persons in any post in a school since 12 May 2006; or</i> • <i>in an institution within the further education sector in England or in a 16-19 Academy, in a post which involved the provision of education which brought the person regularly into contact with children or young persons.</i> <p><i>All other pre-appointment checks must still be completed, including where the individual is engaging in regulated activity, a barred list check. Schools or colleges may also choose to request an enhanced DBS certificate should they wish to do so.'</i></p> <p>A barred list check was not conducted as required and thus the recommendation stands.</p>			

Priority	Recommendation 9	Detailed Finding/Rationale		
2	Evidence of occupational health checks having been undertaken should be retained for all staff in the respective personnel files.	<p>Expected Control</p> <p>In line with the requirements of the Education (Health Standards) (England) Regulations 2003, All new staff should receive a Health Check from the Council's Medical Officer to check that they are fit to perform their required duties in their role. The document confirming the successful check is sent to the school and should be retained on file.</p> <p>Issue/Finding</p> <p>Examination of the documentation held for a sample of three new starters was unable to locate any evidence that the required medical clearance had been obtained for two out of three new starters.</p> <p>Risk</p> <p>Where new staff do not receive a medical check prior to commencing employment, there is a risk that employees 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>		
<p>Management Response</p> <p>Since moving to the new occupational health service with Medigold there have been some teething issues; where the school has not received outcome notifications after the health check has been carried out. However we believe that the email notification issue has been resolved now and will be able to file occupational health check outcomes in personnel files.</p>		<p>Agreed/Disagreed</p> <p>Agreed</p>	<p>Responsible Officer</p> <p>SBM</p>	<p>Deadline</p> <p>Completed</p>

Audit Area: Procurement

Priority	Recommendation 10	Detailed Finding/Rationale
1	Appropriately authorised official orders should be raised in advance on any purchase being made.	<p>Expected Control</p> <p>The Federation of St. Joseph's Catholic Junior, Infant and Nursery schools' Financial Policies and Procedures Manual, section E5 states that, '<i>All purchase orders must be signed by an appropriate member of staff according to the Scheme of Delegation, which is approved by the Governing Body.</i>' Section A3 details that the Head Teacher is able to authorise purchases up to £5k and that budget holders can authorise payments up to their budget or £2k whichever is the lower.</p> <p>Issue/Finding</p> <p>Examination of the documentation available for a sample of 15 transactions found that:</p> <ul style="list-style-type: none"> - Official orders were not available for three of the purchases, - Four of the orders were signed by the Finance Consultant, who is not a budget holder, - One of the orders was signed by the Deputy Head Teacher, where the order amount exceeded the £2k limit.
Management Response		Agreed/Disagreed
The current process for purchasing needs to be amended to reflect the procedures outlined in the revised Financial Policies and Procedures Manual.		Agreed
		Responsible Officer
		SBM
		Deadline
		01/04/2018
Risk		
Where purchase orders are not appropriately 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.		

Priority	Recommendation 11	Detailed Finding/Rationale						
1	<p>The Head Teacher should ensure that appropriate officers check that the goods/services have been received and sign delivery notes/invoices of evidence of this check.</p>	<p>Expected Control The Federation of St. Joseph's Catholic Junior, Infant and Nursery schools' Financial Policies and Procedures Manual, section E5 states that "The School Business Manager or Office Manager must check goods and services on receipt match the order; which should be annotated accordingly."</p> <p>Issue/Finding Examination of the documentation available for a sample of 15 transactions found that goods or services received checks were not evidenced for nine transactions.</p> <p>Furthermore, for four transactions the goods or services received checks were conducted by either the caretaker, a class teacher or teaching assistant, which is not in line with the Financial Policies and Procedures Manual'.</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	<p>The current process for receipting purchases needs to be amended to reflect the procedures outlined in the revised Financial Policies and Procedures Manual.</p>	<table border="1"> <thead> <tr> <th data-bbox="1015 920 1078 1223">Agreed/Disagreed</th> <th data-bbox="1015 584 1078 920">Responsible Officer</th> <th data-bbox="1015 255 1078 584">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1078 920 1211 1223">Agreed</td> <td data-bbox="1078 584 1211 920">SBM</td> <td data-bbox="1078 255 1211 584">01/04/2018</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	SBM	01/04/2018
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	SBM	01/04/2018						

Priority	Recommendation 12	Detailed Finding/Rationale
2	In future, no invoices unless appropriately evidenced as authorised for payment should be paid.	<p>Expected Control</p> <p>The Federation of St. Joseph's Catholic Junior, Infant and Nursery schools' Financial Policies and Procedures Manual, section A3 details that the Head Teacher is able to authorise purchases up to £5k and that budget holders can authorise payments up to their budget or £2k whichever is the lower.</p> <p>Issue/Finding</p> <p>Examination of the documentation available for a sample of 15 transactions found that four transactions did not evidence appropriate authorisation for the invoice payments.</p> <ul style="list-style-type: none"> • <p>Risk</p> <p>Where transactions are not properly evidenced as authorised for payment, there is a risk that these may be inappropriately paid before the required checks have been conducted.</p>
Management Response		
All invoices are authorised prior to payment in accordance with our scheme of delegation. However, the Headteacher has occasionally omitted to sign the invoice; demonstrating that approval has been given. In future the SBM will ensure that all invoices are signed by the appropriate signatory when payments are made.	Agreed	<p>Agreed/Disagreed</p> <p>Agreed</p> <p>Responsible Officer</p> <p>Headteacher/ SBM</p> <p>Deadline</p> <p>01/04/2018</p>

Audit Area: Bank Accounts

Priority	Recommendation 13	Detailed Finding/Rationale		
2	The School must maintain a monthly cashflow monitoring report.	<p>Expected Control</p> <p>Schools should ensure they operate effective cashflow management to be able to forecast income and expenditure and have sufficient funds to meet financial commitments (e.g. monthly payroll), request timely accelerated cash advances if needed and avoid their bank accounts becoming overdrawn.</p> <p>Issue/Finding</p> <p>Although monthly bank reconciliations are conducted, the School does not conduct formal monthly cashflow reporting.</p> <p>Risk</p> <p>If the School does not produce a monthly cashflow report, there is a risk that the School might not be aware of its current cashflow position which may result in an overspend.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Although we agree that it is good practice for schools to undertake monthly cashflow forecasting, it is our understanding that it is not a requirement for schools to produce cashflow forecasts under the current Scheme for Financing Schools. However, we would like to implement monthly cashflow forecasting in the future.		Agreed	SBM	30/04/2018

Priority	Recommendation 14	Detailed Finding/Rationale		
2	The previous head teacher should be removed as a School bank signatory.	<p>Expected Control</p> <p>The Croydon Scheme for Financing Schools paragraph 3.5.1 states that, <i>'it is anticipated that signatories for bank accounts would be employees of the school and would not include governors unless they are also employees of the school.'</i></p>	<p>Issue/Finding</p> <p>Testing of the Schools bank account signatories established that the School had submitted a request to the Council in October 2017 for some staff leavers to be removed as bank signatories. In verifying that these staff had been removed it was established that the previous Head Teacher, who left in December 2017 had not yet been removed from the bank signatory listing (as at 25 January 2018).</p>	<p>Risk</p> <p>Where staff leavers are not immediately removed from the School's bank account signatories, there is a risk that these leavers may inappropriately access the bank account.</p>
<p>Management Response</p> <p>We have not immediately removed the previous Head Teacher from the signatory listing as suppliers have up to 6 months to present cheque payments to the bank and we would not want incur costs for cancelling and re-issuing new cheques for cheques presented after she had left the school. There is no risk to inappropriate access to the bank account as the cheque book is securely kept in the school safe and all transactions require 2 signatories.</p>		<p>Agreed/Disagreed</p> <p>Disagreed</p>	<p>Responsible Officer</p> <p>Headteacher / SBM</p>	<p>Deadline</p>
<p>Audit Comment</p> <p>The bank will honour cheques signed prior to the Head Teacher being removed from the signatory list. The Head</p>				

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Teacher must be removed as a matter of urgency from the bank authorised signatory list.			
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Audit Area: Information Governance

Priority	Recommendation 15	Rationale						
2	An appropriate Documents Retention Policy, should be formulated, approved and communicated to staff.	<p>Expected Control The Data Protection Act controls how personal information is used by organisations, businesses and the government. Adopting strict information governance and retention policies acts as a preventative measure to prevent non-compliance with the Act.</p> <p>Issue/Finding We were informed that the School does not have a Documents Retention Policy (based on Croydon Council's policy).</p> <p>Risk If the school does not have a documents retention policy, there is a risk that documents may not be held for the appropriate period or disposed of securely.</p>						
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Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	SBM	01/09/2018						

Audit Area: Income

Priority	Recommendation 16	Detailed Finding/Rationale						
2	A Lettings Policy should be formulated and approved.	<p>Expected Control Where school premises are let out to third parties, there should be a lettings policy and set hire charges in place to help ensure that all lettings are appropriate and that the return from these lettings exceeds the costs incurred. Furthermore, in order to mitigate the risk to the School through lettings, hirers should be bound to conditions which detail responsibility for health and safety and damage to the premises.</p> <p>Issue/Finding The School, although it has lettings, does not have a Lettings Policy. It is acknowledged that the School does have a standard Lettings Agreement Form agreed by governors, which details the terms and conditions of the lets.</p> <p>Risk Where a lettings policy is not in place, there is a risk of lettings occurring that are not in accordance with the Governing Bodies wishes.</p>						
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Audit Area: Health & Safety

Priority	Recommendation 17	Detailed Finding/Rationale
2	The School should develop a five year maintenance plan.	<p>Expected Control 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 5 year maintenance plan should be maintained. This is in line with the requirements of SFVS.</p> <p>Issue/Finding The School does not have a five year maintenance plan.</p> <p>Risk Where the School does not have a five year maintenance plan, the School cannot be confident that it is maintaining its premises in the most efficient, effective and economical way.</p>
Management Response		
Agreed	Agreed	<p>Agreed/Disagreed SBM</p> <p>Responsible Officer SBM</p> <p>Deadline 01/09/2018</p>

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Audit Area: School Fund

Priority	Recommendation 18	Detailed Finding/Rationale
2	The School should arrange an annual audit of its School Fund Accounts by a suitably competent independent auditor and present these audited accounts to the Governing Body for consideration and approval.	<p>Expected Control</p> <p>The Croydon Council's Scheme for Financing Schools section 2.8 details that, 'Governing Bodies are required to make satisfactory arrangements for the audit of voluntary and private funds and the accounts must bear the certificate of a suitably qualified independent auditor.....Croydon Council have the right to request a copy of the audited accounts and to assure itself that public funds are not being misused.'</p> <p>Issue/Finding</p> <p>The School has unaudited accounts for the Junior and infants School Fund for the year ending 31 March 2017. These accounts have not been submitted to the Governing Body.</p> <p>Risk</p> <p>Where an annual independent audit of the School Fund is not conducted and presented to the Governing Body, there is a risk that errors and omissions may not be identified and the Governing Body may be unable to demonstrate good stewardship.</p>
Management Response		
Agreed	Agreed	<p>Agreed/Disagreed</p> <p>SBM</p> <p>Responsible Officer</p> <p>SBM</p> <p>Deadline</p> <p>01/04/2018</p>

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The New Governor Induction pack should include the Croydon Scheme for Financing Schools, the School's delegation of authorisation levels and the School's 2017/18 Budget.</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, the School's delegation of authorisation levels or the School's 2017/18 Budget.</p>
<p>2) All governors and staff who have financial responsibilities should complete a financial skills matrix.</p>	<p>The Schools Financial Value Standard (SFVS) Question 1 asks 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>A financial skills matrix for the School Business Manager was not available.</p> <p>Where financial skill self-assessments are not completed and returned in a timely manner, there is a risk that staffing needs and skills gaps for staff and Governors are not identified.</p>
<p>3) 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 or Grant of Leave To Remain 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>4) Two written references should be obtained for candidates prior to the commencement of</p>	<p>The 'Staffing and employment advice for schools - Departmental advice for school leaders, governing bodies, academy trusts and local authorities' paragraph 2.4</p>

<p>employment. These references should be retained in the successful candidate's personnel file.</p>	<p>details that, 'With all appointments schools should, prior to appointment, take up references from the applicant's current or former employer, following up with the author of the reference if there is anything that requires clarification and/or appears to be contradictory or incomplete. As part of the appointment process for headteachers and teachers the governing body should ask previous employers for details about whether the individual has been subject to capability procedures in the previous two years.</p> <p>In one out of three new starters files examined (MT) both references were obtained after the employee's start date.</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>5) The School should formally confirm staff leaving dates.</p>	<p>In order to help prevent dispute and to help ensure staff final payments are correct, staff leaving dates should be confirmed in writing.</p> <p>There was no resignation or termination letter held in the file for one out of three leavers (JG).</p> <p>Where leaving dates are not confirmed in writing, there is a risk that employees may dispute their final leaving date or even that they actually resigned.</p>
<p>6) 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 two unreconciled items over six months old; reference numbers 7325 (£48.00 from 17/11/16) (Juniors) & 5502 (£375.65 from 27/2/17) (Infants).</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>

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7) The School's Business Continuity Plan is to be regularly reviewed and, where appropriate, updated.

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.'

The School has a Business Continuity Plan, which has been updated and is scheduled for review by the Governing Body in March 2018.

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.

Agreed Terms of Reference**The Federation of St. Joseph's Catholic Junior, Infant and Nursery Schools –
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	1	1	2
Budgetary Control & Monitoring	0	3	0
Payroll	1	3	3
Safeguarding	0	0	0
Procurement	2	1	0
Bank Accounts	0	2	1
Information Governance	0	1	1
Income	0	1	0
Health and Safety	0	1	0
School Fund	0	1	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.