

Final Internal Audit Report

Ridgeway Primary School

January 2019

Distribution:

- Head Teacher
- Chair of Governors
- School Business Manager
- Executive Director, Children, Families & Education (Final Only)
- Director of Finance, Investment and Risk (Final Only)
- Director of Education and Youth Engagement (Final Only)

Assurance Level		Recommendations Made	
Substantial	Direction of Travel from previous audit: No change from Substantial	Priority 1	0
		Priority 2	1
		Priority 3	0

Confidentiality and Disclosure Clause

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

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

Contents

Page

Executive Summary

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

Detailed Report

3. Actions and Key Findings/Rationale	3
4. Priority 3 Recommendations.....	5

Appendices

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

1. Introduction

- 1.1. Ridgeway Primary School is a community school and at the time of the audit, there were 627 pupils attending. It has an approved expenditure budget of £2.993m for the current financial year.
- 1.2. The audit was undertaken as part of the agreed Internal Audit Plan for 2018/19 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

Issues Arising in Priority 2 Recommendations

Review of a checklist of the various responsibilities and duties under current health and safety legislation noted that, whilst the School has a satisfactory overall level of compliance, some gaps were noted, (**Issue 1**).

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: Health and Safety

Priority	Recommendation 3	Detailed Finding/Rationale
2	<p>The checklist of the various responsibilities and duties under current health and safety legislation should be reviewed by the School with any identified gaps addressed as soon as possible.</p>	<p>Expected Control</p> <p>The Health & Safety at Work Act 1974, its subordinate legislation, The Regulatory Reform (Fire Safety) Order 2005, Control of Asbestos Regulations 2012 and other related legislation, place responsibilities on school governing bodies for the correct management of building-related risks.</p> <p>Issue/Finding</p> <p>A checklist of the various responsibilities and duties under current health and safety legislation (as they relate to the maintenance, statutory compliance and repair/upkeep of school buildings) was reviewed as part of the audit. Whilst it was evidenced that the School has a good overall level of compliance, a number of gaps were noted including:</p> <ul style="list-style-type: none"> • School does not physically record regular monitoring duties in the management plan and asbestos register being undertaken in the plan; • Fire wardens are not trained, and • There is no induction training including fire safety for visitors and contractors. <p>Risk</p> <p>Where the School does not review its responsibilities and duties under current health and safety legislation and carry out works to ensure that it is compliant, there is an increased risk that all required maintenance is not identified and completed, leading to a risk that harm could come to children, staff and visitors when present in the School grounds.</p>
Management Response		Agreed/Disagreed
Responsible Officer		Deadline

<p>Induction training contractors – Written induction to be provided to contractors in addition to caretaker providing a physical induction of site or area of work.</p> <p>Recording of asbestos – written record of asbestos checks now being kept. Asbestos report being carried out by LA on 11.01.2019</p> <p>Fire warden training – will be undertaken and other fire issues addressed. Meeting with LA in regard to Fire audit by LA in June to ensure compliance.</p>	<p>Agreed</p>	<p>Head Teacher / Caretaker</p>	<p>Immediately</p>
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4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The governors' induction pack should be amended to also include a copy of the School's budget for the current financial year, the Scheme for Financing Schools, and the School's delegation of authorisation levels.</p>	<p>The Department for Education produces a governance handbook as an essential resource for governors and trustees designed to outline the roles and responsibilities for governors including the legal duties of the governing board for all state schools in England. This pack should be supplemented with up-to-date information about the School of which the governors are being inducted into.</p> <p>Governors' induction pack did not include: the Croydon Scheme For Financing Schools, School's delegation of authorisation levels, or the School's current Budget.</p> <p>Where the governors' induction pack is incomplete, there is a risk that governors may not be properly informed regarding their duties and the School.</p>
<p>2) DBS checks for governors should be promptly conducted after appointment.</p>	<p>School Staffing (England) Regulations 2003, as amended, paragraph 11 (3) require that for all new appointments, 'An enhanced criminal record certificate issued pursuant to Part V of the Police Act 1997 must be obtained in respect of any such person before or as soon as practicable after his appointment'. It is the school's responsibility to ensure that DBS checks are renewed every three years in line with Council policy.</p> <p>The School Governance (Constitution and Federations) (England) (Amendment) Regulations 2016 makes DBS checks mandatory for governors in maintained schools. It states '16A.— (2) Where a governor is elected or appointed on or after 1st April 2016 and does not hold an enhanced criminal record certificate, the governing body must apply for such a certificate in respect of that governor within 21 days after his or her appointment or election.'</p> <p>For the seven governors appointed after 1 April 2018, although it could not be evidenced when these were applied for, the DBS checks for two were not completed in a timely manner. (one was obtained three months after appointment and one was obtained four months after appointment).</p> <p>Where DBS checks are not obtained within an appropriate time frame in relation to Governor appointment (and in advance for staff hires), there is a risk that inappropriate individuals are being selected to govern the School, potentially causing a risk to the Children.</p>

Recommendation	Findings
<p>3) For all cases where costs relating to transactions can be identified in advance, purchase orders should be raised and appropriately certified before purchases are initiated.</p>	<p>The School's Financial Policy and Procedures Manual, Section 'D8: Use of written pre-numbered order forms' details that, 'Official, pre-numbered orders from FMS6/ Cash Accounts system must be used for all goods and services except utilities, rents, rates and petty cash payments. Where urgency requires an oral order these must be confirmed by a written order.'</p> <p>Purchase orders for two out of the sample of 15 transactions were raised retrospective to the receipt of invoice.</p> <p>Where official orders are not raised and appropriately authorised prior to purchases being made, there is a risk that the authorisation and commitment processes are by-passed which may result in inappropriate purchases and poor budgetary control.</p>
<p>4) Goods / service received checks should be undertaken with evidence of who has carried out these recorded. (To demonstrate segregation of duties the person signing for goods/services should be independent of the ordering and payment process).</p>	<p>Section D13 of the School's Financial Policy and Procedures Manual states that, 'The relevant member of staff must check goods and services on receipt match the order which should be annotated accordingly. This should not be undertaken by the person who signed the order.'</p> <p>Three out of the 15 purchases selected for testing were not evidenced to have a goods received check.</p> <p>Where appropriate evidence of goods or services received checks is not retained for each purchase made by the School, there is a risk that payments are made for goods and services that are not received.</p>
<p>5) Unreconciled items over 6 months old should be cleared.</p>	<p>Procedures should be in place to ensure that the bank account is being maintained efficiently and monitored regularly.</p> <p>Examination of the most recent bank reconciliation document revealed that there were three unreconciled items that were older than six months.</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 best practice.</p>

Recommendation	Findings
<p>6) The School should review equipment loan forms so that these include the duration of the equipment loan.</p>	<p>Keeping Your Balance Standards for Financial Management in Schools section M4 states that, 'Whenever school property, for example musical instruments or computers, is taken off the school site it should be signed for and a register noted accordingly.' The individual whom the equipment is being loaned to, the responsibilities/ liabilities of the individual, and the duration of the loan should be documented and approved by the Head Teacher.</p> <p>The equipment loan forms examined at the time of audit did not specify the duration of loans.</p> <p>Where the duration of an equipment loan is not specified on approved documentation, there is a risk that the individual of whom the loan has been granted may not return the equipment.</p>

AUDIT TERMS OF REFERENCE

Ridgeway Primary School – 2018/19

1. INTRODUCTION & BACKGROUND

- 1.1 This audit is being undertaken as part of the Internal Audit Plan for 2018/19, as agreed by the Council's Audit Committee.

2. AUDIT OBJECTIVES AND METHODOLOGY

- 2.1 To provide an independent and objective opinion on the degree to which the Council's internal control environment supports and promotes the achievement of the Council's objectives. The internal control environment comprises the policies, procedures and operations in place to:

- establish, and monitor the achievement of the service's objectives;
- identify, assess and manage the risks to achieving the services objectives;
- facilitate policy and decision making;
- ensure the economical, effective and efficient use of resources;
- ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations;
- safeguard the service's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
- ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

- 2.2 To confirm that management have controls in place to detect and vigorously, pursue, fraud, corruption, other irregularities, errors and poor value for money.

- 2.3 To confirm that appropriate management action has been taken to implement recommendations for change leading to improvement in performance and/ or control.

3. SCOPE

- 3.1 The audit included the following areas (and number of recommendations made):





Audit Area	Recommendations Made		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Governance and Leadership	0	0	1
Budgetary Control & Monitoring	0	0	0
Payroll	0	0	1

Safeguarding	0	0	0
Procurement	0	0	2
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.

STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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