

Final Internal Audit Report

Thomas More Catholic School

December 2018

Distribution: Head Teacher
 Chair of Governors
 School Business Manager
 Executive Director, Children, Families and Education (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: No change from Limited	Priority 1	0
		Priority 2	14
		Priority 3	4

Confidentiality and Disclosure Clause

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

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1. Introduction

- 1.1. Thomas More Catholic School is a Roman Catholic Voluntary Aided School and at the time of audit there were 831 pupils attending. It has an expenditure budget of approximately £5.2m 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 Issues

Priority 2 Recommendations

The terms of reference for the Resources Committee could not be evidenced as reviewed or approved by the governing body in the last 12 months. Furthermore, the terms of reference did not specify how often the Committee should meet (**Recommendation 1**).

The School's 'Finance Manual', which includes the School's Scheme of Financial Delegation, could not be evidenced as reviewed in the last 12 months as required (**Recommendation 2**).

Examination of the School's SFVS return e-mailed to the Council found that although three questions were assessed as 'in part', there were no remedial actions detailed in part e of the assessment. Furthermore, as detailed in this report, there are a number of recommendations raised where the School is not fully complying with the requirements of SFVS (**Recommendation 3**).

There was no evidence that governors or staff with financial responsibilities had formally assessed their financial skills (**Recommendation 4**).

Although the School's 2017/18 SFVS self-assessment detailed that the 'school subscribes to an online budgeting website, which produces a five year projection', there was no evidence that a five year (or even three year) budget was available at the time of the audit (**Recommendation 5**).

Comparison of the 2018/19 budget approved by the Governing Body and submitted to the Council to the 'Original budget' on the School's financial system noted that the amount for '105 Pupil Premium' differed, being £3,063 more than that approved by the Governing Body.

Furthermore, budget differences (i.e. virements) were noted between the 'Original budget' and 'Current budget' as per the August 2018 budget monitoring report. The biggest was a £25,991 increase to 'E01 103 Trainee Teachers, but evidence of these virements being approved was not available (**Recommendation 6**).

Examination of the recruitment and other records for a sample of five new starters identified that the DBS checks for two were only confirmed after their starting dates. Although checks to the barred list had been carried out and the staff members were

required to wear red badges and be accompanied at all times, formal risk assessments had not been carried out by the Head Teacher (**Recommendation 7**).

Examination of the School's 'Teachers Appraisal' policy, dated September 2012, identified that it detailed the next date for review is August 2016. Examination of the Governing Body and Resources Committee meeting minutes did not identify this as being reviewed.

The minutes of the Governing Body meeting held on 4 December 2017 evidenced that the Pay Policy was presented, but although 'ratified in principle' was not evidenced as reviewed and approved (**Recommendation 8**).

Examination of the documentation available for a sample of 15 transactions found that goods (or services) received checks had not been carried out at all in four cases, and in a further six cases, although evidenced, were not signed to confirm who had conducted the checks (**Recommendation 9**).

Examination of the documentation available for a sample of 15 transactions found that, for the six transactions where quotes were expected, only one evidenced that the required quotes had been obtained. (**Recommendation 10**).

The most recent benchmarking report provided by the School was dated 2014/15. Furthermore, examination of the report noted that while expenditure had been benchmarked, no areas of income had been included (**Recommendation 11**).

There was no evidence of approval of the Lettings Policy in the last 12 months. Furthermore, it was noted that all income from lettings is paid into the School's private fund (**Recommendation 12**).

Review of the School's compliance with the DPA 2018 found that there was no Information Asset Register in place nor a Consents Policy. Furthermore, there had not been any GDPR training for staff and the DPO had not produced a compliance report for governors (**Recommendation 13**).

Review of a checklist of the various responsibilities and duties under current health and safety legislation noted that, whilst the School has a good overall level of compliance, some gaps were noted (**Recommendation 14**).

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 and Leadership

Priority	Recommendation 1	Detailed Finding/Rationale
2	<p>The terms of reference for the Resources Committee should be amended to include the required frequency of meetings (at least termly) and should be evidenced as formally reviewed and approved by the Governing Body on an annual basis.</p>	<p>Expected Control</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 part five section 22 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</p> <p>The terms of reference for the Resources Committee could not be evidenced as reviewed or approved by the governing body in the last 12 months. Examination of the Resources Committee terms of reference found that these detailed that:</p> <ul style="list-style-type: none"> • 'Recommended by the Committee for approval' on 7th July 2016'; • 'Approved by the Full Board of Governors' on 3rd December 2018'; and • 'Annual review to be carried on in the Autumn Term 2019'. <p>The above dates do not make sense. Furthermore, the terms of reference did not specify how often the Committee should meet.</p> <p>Risk</p> <p>Where the School does not annually approve the respective Committee terms of reference it is in breach of the School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 and there is a risk that the terms of reference are incorrect or out of date and that the committee/s may not perform the functions expected.</p>
Management Response		Agreed/Disagreed
<p>The terms of reference have been updated to include that the Resources Committee meet on a termly basis.</p>		<p>Agreed</p>
		Responsible Officer
		School Business Manager
		Deadline
		Completed

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<p>The changeover in Business Manager in December 17 and change in clerking service meant that the Terms of Reference were not identified as not being approved in the autumn term 2017. They were an agenda item for the Resources Committee on 5/1 1/18 and were sent to FGB on 03/12/18 for approval.</p>			
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Priority	Recommendation 2	Detailed Finding/Rationale			
2	<p>The Governing Body should formally review and approve the School's 'Finance Manual' (which includes the Scheme of Delegation) as soon as possible.</p> <p>Approval should be clearly minuted in Governing Body meeting minutes and should be approved annually thereafter.</p>	<p>Expected Control</p> <p>The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 18 state that, 'the governing body may delegate any of its functions to— (a) a committee; (b) any governor other than a governor who is the head teacher; or (c) where the function being delegated does not directly concern the head teacher, the head teacher (whether or not that person is a governor). (2) Where the governing body has delegated functions, this does not prevent the governing body from exercising those functions. (3) The governing body must review the exercise of functions they have delegated, annually.'</p> <p>Issue/Finding</p> <p>The School's 'Finance Manual', which includes the School's Scheme of Financial Delegation, could not be evidenced as reviewed in the last 12 months as required. It was noted that the minutes of the Governing Body meeting held on 4 July 2017 agreed an amendment to the 'Finance Manual', but this was over a year prior to the audit.</p> <p>Risk</p> <p>Where the School's 'Finance Manual', which includes the School's Scheme of Financial Delegation, has not been approved in the last 12 months, the School is in breach of the School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 and there is a risk that the policies in place are inappropriate to manage the School's finances.</p>	Agreed/Disagreed	Responsible Officer	Deadline
<p>Management Response</p> <p>The Finance Manual has been updated to include the School's Scheme of Financial Delegation, has been updated and was ratified at the Resources Committee in November and will be also ratified by FGB in March 2019. This is now being monitored by the Director of Finance & Personnel and will be monitored annually.</p>		Agreed	School Business Manager	Completed/Ongoing	

Priority	Recommendation 3	Detailed Finding/Rationale
2	<p>The 2018/19 SFVS return should be critically reviewed by the Governing Body, particularly in light of recommendations raised in this report.</p>	<p>Expected Control</p> <p>The 'Croydon Scheme for Financing Schools' paragraph 2.16 details 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>The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.</p> <p>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 31 March and annually thereafter.'</p> <p>Issue/Finding</p> <p>Examination of the School's 2017/18 SFVS return e-mailed to the Council found that all questions had been assessed as 'yes', except 4, 12 and 25, which were assessed as 'in part'. Although three questions were 'in part', there were no remedial actions detailed in part e of the assessment. Furthermore, as detailed in this report, there are a number of recommendations raised where the School is not fully complying with the requirements of SFVS.</p> <p>Risk</p> <p>Where the School fails to correctly complete and appropriately approve the annual SFVS self-assessment return, the School is in breach of the 'Croydon Scheme for Financing Schools' and 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>
Management Response		Agreed/Disagreed
		<p>Responsible Officer</p> <p>Deadline</p>

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The actions will be reviewed for the SFVS assessment for 2018/19 and remedial actions will continue to be reviewed ongoing by the Resources Committee.	Agreed	School Business Manager	31 st March 2019
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Audit Area: Budget Monitoring

Priority	Recommendation 4	Detailed Finding/Rationale
2	<p>All governors and staff with financial responsibilities should complete a skills/competency matrix to demonstrate that their capabilities are in line with their roles.</p>	<p>Expected Control</p> <p>The Schools Financial Value Standard (SFVS) (question 1) asks, 'In the view of the governing body itself and of senior staff, does the governing body 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?' In this regard, it is expected that governors complete the financial skills matrix provided with the SFVS support notes and that this is reviewed annually.</p> <p>Issue/Finding</p> <p>There was no evidence that governors or staff with financial responsibilities had formally assessed their financial skills.</p> <p>Risk</p> <p>Where governors or staff with financial responsibilities do not formally assess their financial skills and review these annually, there is a risk that governors and staff collectively may not have appropriate skills to perform their role effectively.</p>
Management Response		Agreed/Disagreed
<p>The SFVS Skills Matrix was supplied to Governors to complete during the Resources Committee meeting on 05/11/18. The SBM is awaiting the full completion of responses due by the end of Autumn Term. It is also being circulated with staff.</p>		<p>Agreed</p>
		Responsible Officer
		<p>School Business Manager</p>
		Deadline
		<p>31st December 2018</p>

Priority	Recommendation 5	Detailed Finding/Rationale		
2	<p>A budget projection of three years (or more) should be presented to the governors in a budget meeting so as to comply with SFVS.</p>	<p>Expected Control</p> <p>The Schools 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>Although the School's 2017/18 SFVS self-assessment detailed that the 'school subscribes to an online budgeting website which produces a five year projection', there was no evidence that a five year (or even three year) budget was available at the time of audit.</p>	
<p>Management Response</p> <p>A 5 year budget illustration was presented and minuted at the Resources Committee meeting on 05/11/18. The 3 year plan is being prepared as part of the Budget Preparation for 2018/19 budget. This will be supplied in future at all RC and FGB Meetings.</p>		<p>Risk</p> <p>Where the School has not presented a three year budget to the Governors as suggested in their SFVS, there is a risk that the School is not complying with the statutory requirement of SFVS and that the Governors are unaware of the School's future financial plans.</p>	<p>Agreed/Disagreed</p> <p>Agreed</p>	<p>Responsible Officer</p> <p>School Business Manager</p>
		<p>Deadline</p> <p>February 2019</p>		

Priority	Recommendation 6	Detailed Finding/Rationale		
2	<p>The approved budget must be input as the 'Original budget'. Any subsequent changes to the budget, must be processed as virements and should be evidenced as approved in line with the requirements of the School's Finance Manual.</p>	<p>Expected Control</p> <p>In order to help ensure that funding is used in accordance with the School's priorities, the budget should be set up on SIMS FMS in accordance with that approved by the Governing Body. Furthermore, the School's Finance Manual, details that, 'Virement – The Director of Finance & Personnel has a limit of £5,000 and the Head teacher has a limit of £10,000. A schedule of virements in excess of these limits must be presented to the Resources Committee (formerly the Finance Committee) for ratification in accordance with the auditors' recommendation.'</p> <p>Issue/Finding</p> <p>Comparison of the 2018/19 budget approved by the Governing Body (and submitted to the Council) to the 'Original budget' on the School's financial system noted that the amount for '105 Pupil Premium' differed, being £3,063 more than that approved by the Governing Body.</p> <p>Furthermore, budget differences (i.e. virements) were noted between the 'Original budget' and 'Current budget' as per the August 2018 budget monitoring report. The biggest was a £25,991 increase to 'E01 103 Trainee Teachers, but evidence of these virements being approved was not available.</p> <p>Risk</p> <p>Where virements are not approved in line with the School's Financial Policies and Procedures Manual, there is a risk that inappropriate virements may have occurred, which may be used to disguise budget overspends. Where the original budget on SIMS is set incorrectly, there is an increased risk that subsequent budget monitoring may be impaired due to incorrect budget figures and possible over or under-spends occurring.</p>	<p>Agreed/Disagreed</p> <p>Agreed</p>	<p>Management Response</p> <p>The 105 Pupil Premium budget differed by £3,063 to the original budget approved by Governors because after processing the financial Year End there was a carry forward of £3,063 of Yr7 catch up funding for the 17/18 academic year.</p>
		<p>Responsible Officer</p> <p>School Business Manager</p>	<p>Deadline</p> <p>February 2019</p>	

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Virements will be recorded in a Schedule of Virements and it will be presented at the termly R.C. Meetings for approval by the Governors.

Audit Area: Payroll

Priority	Recommendation 7	Detailed Finding/Rationale
2	<p>If the DBS check is not completed prior to commencement of employment, it should be completed as soon as possible after commencement and a risk assessment must be carried out and documented (usually by the Head Teacher).</p>	<p>Expected Control</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.'</p> <p>The 'Keeping children safe in education - Statutory guidance for schools and colleges' paragraph 120 details 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.' Where an individual commences work prior to the DBS check being completed, a formal risk assessment should be conducted to help ensure appropriate safeguarding.</p> <p>Issue/Finding</p> <p>Examination of the recruitment and other records for a sample of five new starters identified that the DBS checks for two were only confirmed after their starting dates.</p> <p>Although checks to the barred list had been carried out and the staff members were required to wear red badges and be accompanied at all times, formal risk assessments had not been carried out by the Head Teacher.</p> <p>Risk</p> <p>Without a formal risk assessment being conducted when the DBS is not obtained prior to commencement of employment, the School is in breach of the 'Keeping children safe in education - Statutory guidance for schools and colleges', and there is a risk that unsuitable individuals are allowed access to the school premises and that the School is unable to demonstrate that it has been duly diligent.</p>
Management Response		<p>Agreed/Disagreed</p> <p>Responsible Officer</p> <p>Deadline</p>

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Risk Assessments are now carried out in the event that a DBS is not received prior to commencement of employment.	Agreed	School Business Manager / Headteacher	Immediately
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Priority	Recommendation 8	Detailed Finding/Rationale
2	<p>The School's 'Teachers Appraisal' policy and Pay policy should be reviewed and, if appropriate, updated.</p> <p>The review and approval of these policies must be evidenced in the Governing Body (or delegated Committee) minutes.</p>	<p>Expected Control</p> <p>The Teachers' Pay and Conditions document details that, 'All relevant bodies – both governing bodies and LAs where they are the relevant body, including for all unattached teachers – must have a pay policy. This should be linked to the appraisal policy. Pay and appraisal policies should be reviewed annually and kept up to date to take account of any uplift to the national framework and any legal changes or changes in the staffing structure which have an impact on discretionary pay decisions.'</p> <p>Issue/Finding</p> <p>Examination of the School's 'Teachers Appraisal' policy, dated September 2012, identified that it detailed the next date for review is August 2016. Examination of the Governing Body and Resources Committee meeting minutes did not identify this as being reviewed.</p> <p>The minutes of the Governing Body meeting held on 4 December 2017 evidenced that the Pay Policy was presented, but although 'ratified in principle' was not evidenced as reviewed and approved.</p> <p>Risk</p> <p>Where the School's 'Teachers Appraisal' and pay policies are not periodically reviewed, there is a risk that this reflects practices no longer applicable.</p>
Management Response		Agreed/Disagreed
<p>The Pay Policy is reviewed annually. This was in progress/preparation at the time of the audit and was ratified by the RC 05/11/18 and FGB 03/12/18. The Teachers Appraisal Policy was also ratified at FGB on 03/12/18. The changeover in SBM, majority of the SLT and the Headteacher has meant that policies are in the process of being reviewed in full as part of a rolling programme.</p>		<p>Disagreed</p>
		Responsible Officer
		School Business Manager
		Deadline
		Immediately

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Audit comment

The above comments are noted. Notwithstanding, the review by the Governing Body on 4 December 2017 was not properly recorded and the review was outstanding at the time of audit.

Audit Area: Procurement

Priority	Recommendation 9	Detailed Finding/Rationale	
2	<p>The Head Teacher should ensure that staff checking that the goods/services have been received evidence this by signing delivery notes/invoices accordingly.</p> <p>To demonstrate segregation of duties the person signing for goods/services should be independent of the ordering and payment process.</p>	<p>Expected Control</p> <p>The Thomas More Finance Manual details that, 'the delivery note and goods are sent to the budget holder for formal checking against their copy order' and 'evidences this check by completion of the grid stamp.'</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"> • Goods (or services) received checks were not evidenced in four instances, and • Goods (or services) received checks in six instances, although evidenced, were not signed to confirm who had conducted the checks. <p>Risk</p> <p>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	Agreed/Disagreed	Responsible Officer	Deadline
<p>The Finance Assistant is in charge of ensuring goods are received and evidencing this. Delivery notes are retained and in some instances whereby the invoices relate to services these are checked by the FA with the Budget Holder and evidenced on the invoice stamp. There is a clear segregation of duties as the Finance Assistant is independent of the ordering and payment process.</p>	Disagreed	Finance Assistant /School Business Manager	Immediately

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Audit comment

The above response is acknowledged; however, based on the sample selected, goods (or services) received checks were not always properly evidenced and thus the recommendation stands.

Priority	Recommendation 10	Detailed Finding/Rationale		
2	<p>The School should ensure that the correct number of quotes are collected in line with requirements of the School's Finance Manual.</p>	<p>Expected Control</p> <p>The Thomas More Finance Manual details that for orders exceeding £5,000, 'budget holders are expected to show evidence of searching for best value through two quotations', and for orders exceeding £10,000, 'budget holders are expected to show evidence of searching for best value through three quotations.'</p> <p>Issue/Finding</p> <p>Examination of the documentation available for a sample of 15 transactions found that, for the six transactions where quotes were expected, only one evidenced that the required quotes had been obtained. The exceptions were:</p> <ul style="list-style-type: none"> • Only one quote was evidenced in three instances, and • No quotes were evidenced in two instances. <p>There was no evidence in any Governing Body minutes that these had been agreed as exceptions.</p> <p>Risk</p> <p>Where the School does not obtain the agreed number of quotations, there is a risk that the School is not obtaining value for money, resulting in overspending for the procurement of goods and services.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
<p>The Finance Manual that was approved in the RC in May 2017 says:</p> <p><i>Up to £10,000 Budget holders are expected to purchase objectively using catalogue prices to obtain best value</i></p> <p><i>£10,000 - £40,000 Budget holders are expected to show evidence of searching for best value by obtaining three quotations.</i></p>		Disagreed	School Business Manager	Immediately

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Therefore for cheques 010868, 010885, 011010 and 011394 only one quotation was obtained.

Cheque No 010873 was a termly payment to another school for the services of the Executive Headteacher. The Executive Headteacher was appointed by the Diocese of Southwark, therefore separate quotations were not obtained as the option of a different Headteacher was not possible and the costs represented a proportion of the actual salary costs.

Audit Comment

The copy of the Finance Manual provided at the time of audit does state the above, but it also under the heading of quotations later in the document requires two quotes for purchases between £5k and £10k as quoted in the recommendation above. Regarding cheque 010873, this is clearly an exception, however, approval by the Governing Body was not evident. The recommendation thus stands.

Priority	Recommendation 11	Detailed Finding/Rationale		
2	The School should complete a benchmarking exercise on an annual basis (for both income and expenditure) and report the results to the Governing Body.	<p>Expected Control</p> <p>The School Financial Value Standard, (SFVS) question 12, asks, 'Does the school benchmark its income and expenditure annually against that of similar schools and investigate further where any category appears to be out of line?'</p> <p>Issue/Finding</p> <p>The most recent benchmarking report provided by the school was dated 2014/15. Furthermore, examination of the report noted that while expenditure had been benchmarked, no areas of income had been included.</p> <p>Risk</p> <p>Where the School does not conduct annual benchmarking of both its income and expenditure, the School is not compliant with SFVS and there is a risk that the School may not be aware of poorly performing areas or inefficient practices.</p>		
<p>Management Response</p> <p>The school is in the process of undertaking Benchmarking in preparation for the SFVS for 2018/19.</p>		Agreed	School Business Manager	March 2019
Management Response		Agreed/Disagreed	Responsible Officer	Deadline

Audit Area: Income

Priority	Recommendation 12	Detailed Finding/Rationale
2	<p>The School's Lettings Policy, which includes fees and charges, should be reviewed and formally approved by the governing body on an annual basis.</p> <p>Lettings income should not be paid into the School's private fund until the costs of the respective lettings have been deducted.</p>	<p>Expected Control</p> <p>Thomas More's Lettings Policy states that commercial hirers "will be at the discretion of the School and will be reviewed annually" and "all charges will need to be reviewed annually in the Summer Term when actual School running costs are known".</p> <p>The Croydon Scheme for Financing Schools section '5.1 Income from lettings' details that, 'Schools shall retain income from lettings of the school premises which would otherwise accrue to the LA, subject to alternative provisions arising from any joint use or PFI/PPP agreements. Schools may cross-subsidise income from lettings for community and voluntary use with income from lettings for other purposes provided that there is no net cost to the budget share and its educational achievement.</p> <p>Income from lettings should not normally be payable into voluntary or private funds held by the School.'</p> <p>Issue/Finding</p> <p>There was no evidence of approval of the Lettings Policy in the last 12 months. Furthermore, it was noted that all income from lettings was paid into the School's private fund.</p> <p>Risk</p> <p>Where the School has not reviewed its Lettings Policy within the last 12 months, there is a risk that their charging rates are not consistent with other facilities in the local area. Furthermore, there is a risk that the School will not receive the level of income, which accurately reflects the cost of buildings and equipment utilised.</p> <p>In addition, where lettings charges are not paid into the School's main bank account, there is a risk that the School incurs a loss of income, which may impact upon the School's ability to operate effectively.</p>
Management Response		<p>Agreed/Disagreed</p> <p>Responsible Officer</p> <p>Deadline</p>

<p>The Lettings Policy was approved in the RC meeting on 05/11/18. A professional audit was undertaken by the school's lettings website company to compare prices against other facilities in the area and the lettings prices were adjusted/increased by the school. These increases were also approved by Governors in the RC Meeting 05/11/18.</p> <p>The school makes deposits into the main account from the private account to cover lettings expenditure and to ensure there is no loss of income. We will explore the possibility of paying all lettings income into the main account in 2019 as part of current plans for an overhaul of all lettings.</p>	<p>Disagreed</p>	<p>School Business Manager</p>	<p>Immediately</p>
<p>Audit comment</p>			
<p>The Lettings Policy was approved subsequent to the audit and therefore the findings stands as this was correct at the time of audit.</p>			

Audit Area: Information Governance

Priority	Recommendation 13	Detailed Finding/Rationale
2	<p>An Information Asset Register (as required under the DPA 2018) should be put in place, and the DPO should monitor compliance with the DPA 2018 and report their findings annually to the Governing Body.</p> <p>The School should devise a Consents Policy to state what procedures the School uses to manage consents for the collection and use of personal data.</p> <p>The School should also ensure that staff receive appropriate training in GDPR.</p>	<p>Expected Control</p> <p>The Data Protection Act (DPA) 2018 and the General Data Protection Regulations (GDPR) requires that an Information Asset Register is in place and kept updated. This should detail key types of data / information within the School, what it is used for, where it is stored, who it is shared with, how long it is kept it for and how it is protected.</p> <p>Procedures to manage consents should be in place where the collection and use of personal data are required to include topics such as storage, periodic review, expiry and refresh. (This should include Paper files; Emails; Registers; Club lists; Trip records; Sickness records; Staff and governor details; Salaries and any third party data held or shared.)</p> <p>The Data Protection Act 2018 section 71 part 2c states that the Data Protection Officers (DPO) duties includes 'training staff involved in processing operations.'</p> <p>Issue/Finding</p> <p>Review of the Schools compliance with the DPA 2018 found that there was no Information Asset Register in place nor a Consents Policy. Furthermore there had not been any GDPR training for staff and the DPO had not produced a compliance report for governors.</p> <p>Risk</p> <p>Where an Information Asset Register, Consents Policy and annual compliance monitoring is not in place and where staff have not received training, there is a risk that the School may not have adequate documentation of the data it processes and the third parties that it shares data with, nor be aware of any areas of non-compliance with the Data Protection Act.</p>
Management Response		Agreed/Disagreed
This is in progress and will be rectified in Spring Term 2019.		Agreed
		Responsible Officer
		School Business Manager
		Deadline
		Spring Term 2019

Audit Area: Health and Safety

Priority	Recommendation 14	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 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 A checklist of the various responsibilities and duties under current health and safety legislation (as these 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, some gaps were noted including:</p> <ul style="list-style-type: none"> • A working at height register, inspection regime and appropriate records were not available. • The School had not completed COSHH assessments for all relevant substances. • The School's asbestos register was shown to, but not signed by staff, visitors and contractors. • Staff were not appropriately trained in all relevant areas, for example staff were not up-to-date with asbestos awareness or of the requirements regarding water quality log books. <p>Risk 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 and staff when present in the School grounds.</p>
Management Response		Agreed/Disagreed
These issues are being rectified.		<p>Agreed</p>
Management Response		Responsible Officer
		Premises Manager
		Deadline
		Spring Term 2019

4. Priority 3 Recommendations

Recommendation	Findings
<p>1) The governor induction pack produced by Octavo should be supplemented with up-to-date information specific to Thomas More School.</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>The School's Governor induction pack was a general document produced by Octavo. Although it was supplemented with information specific to the School, some documents were out-of-date.</p> <p>Where the School has not properly informed its Governors about information specific to the School, there is a risk that there will be ineffective governance for the School.</p>
<p>2) For all cases, where costs relating to transactions can be identified in advance, management should ensure that purchase orders are raised and appropriately certified in advance of purchases being initiated.</p>	<p>The Thomas More Finance Manual details that, 'Written, pre-numbered orders are used for all goods and services. Orders are only made by telephone in exceptional circumstances. Where goods are required urgently and an order is placed by telephone the order is always confirmed in writing the usual way, except via the Catering Department who make daily telephone orders for food supplies etc.'</p> <p>Examination of the documentation available for a sample of 15 transactions found that in one instance a copy of the signed order was not available and in another the order was raised retrospectively.</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 may result in inappropriate purchases and poor budgetary control.</p>
<p>3) Monthly cash flow reports should be completed.</p>	<p>The School Financial Value Standard (SFVS) additional resources guidance details that, 'To aid in-year monitoring, the annual budget should be profiled over the year. A budget profile presents the likely spending pattern over the 12 months of the year, recognising that not all expenditure is likely to be incurred evenly over the 12 months. This process will normally enable a school that has its own bank account to profile the expected flow of cash into and out of its bank account so that it can be</p>

Recommendation	Findings
<p>4) The School Business Manager should sign off on the ParentPay Income statements as a second check for missing income.</p>	<p>sure it will have the cash it requires to pay its likely outgoings and to anticipate borrowing needs or cash investment opportunities.'</p> <p>Cash flow reports were not available. Discussions established that these were not completed.</p> <p>Where the School does not complete cash flow reports, there is a risk that the bank account may go overdrawn.</p> <p>For all ParentPay income, any statements should be checked by two individuals to ensure that any missing income is identified and subsequently followed up.</p> <p>The reconciliation of ParentPay income was not evidenced as being checked by a second independent person.</p> <p>Where the School does not perform a secondary check for ParentPay income, there is a risk that missing income may go unnoticed and the school could enter a deficit.</p>

AUDIT TERMS OF REFERENCE

Thomas More 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	3	1
Budgetary Control & Monitoring	0	3	0
Payroll	0	2	0

Safeguarding	0	0	0
Procurement	0	3	1
Bank Accounts	0	0	1
Information Governance	0	1	0
Health and Safety	0	1	0
Income	0	1	1
Totals	0	14	4

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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