

Final Internal Audit Report

Forestdale Primary School

July 2016

Distribution: Headteacher
Chair of Governors
Finance Officer
Executive Director, People (Final Only)
Assistant Director of Finance (Final Only)

By: Internal Auditor (Schools)

Assurance Level		Recommendations Made	
Substantial Assurance	No change in direction of travel for assurance level from previous audit.	Priority 1	0
		Priority 2	3
		Priority 3	0

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1. Introduction

Forestdale Primary School is a community school and at the time of the audit there were 319 pupils attending. It has an expenditure budget of approximately £1.6m for the current financial year

The audit was undertaken as part of the agreed Internal Audit Plan for 2016/17, 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	
	None

Priority 2 Recommendations	
1	The School's Financial Procedures be amended, to clearly specify the financial threshold level above which obtaining tenders is required.
2	In future monthly payroll reports to be printed (hard copy) and the Headteacher to check and agree them, signing to confirm.
3	Copies of identity documentation to be retained on individual personnel files for all staff, as a record to confirm their right to work in the UK.

Acknowledgement

We would like to thank the following members of staff for their time and contribution to this audit review:

Headteacher

Finance Officer

3. Recommendations and Findings/Rationale

Audit Area: Governance

Priority	Recommendation 1	Detailed Finding/Rationale			
2	The School's Financial Procedures be amended, to clearly specify the financial threshold above which obtaining tenders is required usually.	<p>Expected Control</p> <p>To ensure the school receives value for money in its procurement of goods and services, it should have clearly defined purchasing procedures that includes financial thresholds for tendering, usually at £40k with four tenders obtained.</p> <p>This is supported by the School Financial Value Standard (SFVS) self-assessment (question 13), <i>'Does the School have procedures for purchasing goods and services that both meet legal requirements and secure value for money?'</i></p> <p>Issue/Finding</p> <p>The threshold (financial) above which tenders are required is not included in the School's Financial Policies and Procedures Manual. This is usually set at £40k in accordance with the Council's contract regulations and requires four tenders to be obtained.</p> <p>Risk</p> <p>Where the school does not have a clearly defined policy for obtaining tenders, there is a risk that it may not be able to demonstrate transparency with an open and fair process is in place when selecting suppliers. This can lead to the school being unable to demonstrate that it is achieving good value for money.</p>	Agreed/Disagreed	Responsible Officer	Deadline
Management Response The school understands that Croydon will be issuing new guidelines related to thresholds. When this is published the school will specify the financial threshold.		Agreed	Headteacher	30 th October 2016	

Audit Area: Payroll

Priority	Recommendation 2	Detailed Finding/Rationale						
2	<p>In future monthly payroll reports to be signed by the Headteacher if hard copies, or electronically to confirm agreements and to be retained.</p>	<p>Expected Control The monthly payroll report is an important control report to ensure that the school staff establishment and payments are accurate and appropriate. The reports to be checked by the Headteacher and signed once agreed.</p> <p>Issue/Finding We examined monthly payroll reports for the period May 2015 to April 2016. Although we were informed that the Headteacher carries out monthly checks of payroll reports we found no evidence to confirm this important control, either electronic or hard copy (printed copies signed and retained).</p> <p>Risk Where the Headteacher has not agreed the monthly payroll reports and signed to confirm, there is a risk that salary payments are inaccurate and potentially persons not employed by the school are being paid.</p>						
Management Response								
<p>The school now prints off hard copies which are checked and signed by three members of staff. The hard copies are retained in a file.</p>		<table border="1"> <thead> <tr> <th data-bbox="1019 938 1051 1234">Agreed/Disagreed</th> <th data-bbox="1019 598 1051 938">Responsible Officer</th> <th data-bbox="1019 262 1051 598">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1051 938 1083 1234">Agreed</td> <td data-bbox="1051 598 1083 938">Headteacher/Finance Officer</td> <td data-bbox="1051 262 1083 598">Immediate</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Headteacher/Finance Officer	Immediate
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Headteacher/Finance Officer	Immediate						

Priority	Recommendation 3	Detailed Finding/Rationale						
2	Copies of identity documentation to be held on individual personnel files for all staff as a record to confirm their right to work in the UK.	<p>Expected Control The school is required to conduct adequate pre-employment checks to confirm the suitability and eligibility of prospective employees and a record including copies of documents, held on individual personnel files. It is a requirement for employers to carry out checks to ensure the right to work in the UK for new employees.</p> <p>Issue/Finding From a small sample examined of three recent appointments, there was no documentary evidence found to support effective rights to work in the UK checks being carried out. We were informed verbally that they had but without any supporting documentation unable to confirm. Supporting documentation held on personnel files would also be required for any future inspections by the UK Immigration Service.</p> <p>Risk If the school does not retain evidence of the employee's right to work in the UK, there is a risk of "illegal" persons being employed together with any negative inspections by the UK Visas and Immigration Service, impacting on the reputation of the school.</p>						
Management Response		<table border="1"> <thead> <tr> <th data-bbox="1015 943 1069 1245">Agreed/Disagreed</th> <th data-bbox="1015 602 1069 943">Responsible Officer</th> <th data-bbox="1015 262 1069 602">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1069 943 1197 1245">Agreed</td> <td data-bbox="1069 602 1197 943">Headteacher</td> <td data-bbox="1069 262 1197 602">Immediate</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Headteacher	Immediate
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Agreed	Headteacher	Immediate						
The school has begun to adopt this procedure and documents verifying a staff member's right to work in the UK is now retained, with the staff member's position.								

Appendix 1 – Agreed Terms of Reference

Forestdale Primary School – 2016/17

1. INTRODUCTION & BACKGROUND

1.1 This audit is being undertaken as part of the Internal Audit Plan for 2016/17, as agreed by the Council's General Purposes & 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	1	0
Budgetary Control & Monitoring	0	0	0
Payroll	0	2	0
Procurement	0	0	0
Bank Accounts	0	0	0
Information Governance	0	0	0
Income	0	0	0
School Fund	0	0	0

Appendix 2 – 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.