

Final Internal Audit Report

Greenvale Primary School

July 2016

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

By: Internal Auditor (Schools)

Assurance Level		Recommendations Made	
Substantial Assurance	Direction of Travel from previous audit: Improved from Limited	Priority 1	0
		Priority 2	6
		Priority 3	0

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1. Introduction

Greenvale Primary School is a community school and at the time of the audit there were 214 pupils attending. It has an expenditure budget of approximately £1.1m 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 to ensure in future, that the SFVS self-assessment to be completed and submitted to the Council by 31 st March each year to comply with DfE requirements.
2	As part of staff vetting for new starters, copies of identity documentation to be held on individual personnel files, as a record to confirm their right to work in the UK.
3	A member of staff other than the Headteacher should sign the delivery note or the invoice to confirm receipt of the goods or services.
4	In future the Headteacher to authorise the loan of all laptops and tablet PCs.
5	In future the Headteacher to authorise school lettings agreements.
6	The school to amend the letting agreement form to require that hirers have and provide details of their public liability insurance

Acknowledgement

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

Headteacher

Finance Manager

3. Recommendations and Findings/Rationale

Audit Area: Governance and Leadership

Priority	Recommendation 1	Detailed Finding/Rationale			
2	In future the school's SFVS self-assessment to be sent to the Council by the 31 st March of each year, to comply with the DfE's requirements.	<p>Expected Control</p> <p>The Department for Education's (DfE's) Schools Financial Value Standard (SFVS) requires that the school must send a copy of the signed self-assessment against the standard to their Local Authority's Finance Department by 31 March each year.</p> <p>Issue/Finding</p> <p>The school submitted its completed SFVS self-assessment to the Council on 1st April 2016, although only one day late it did not meet the required DfE deadline.</p> <p>Risk</p> <p>If a school does not submit a signed copy of the SFVS self-assessment to the Local Authority by the 31st March annually, assurance may not be provided to the Chief Financial Officer and the school may be named in the return submitted to the DfE, which can cause reputational damage.</p>	Agreed/Disagreed	Responsible Officer	Deadline
	Management Response	Agreed	Headteacher and Finance Manager	31 st March 2017	No comment made.

Audit Area: HR/Payroll

Priority	Recommendation 2	Detailed Finding/Rationale						
2	<p>Copies of identity documentation to be held on individual personnel files for all staff as a supporting record to confirm their right to work in the UK and must be available for any inspection by the UK Visas and Immigration Service.</p>	<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 checks carried out for eligibility to work in the UK. We were informed verbally these had been carried out but without documentation held on file we were unable to confirm.</p> <p>Risk If the school does not retain evidence of the employee's right to work in the UK, pre-employment vetting procedures may result in inappropriate selection of illegal new members of staff and reputational damage to the school including negative inspections by the UK Visas and Immigration Service.</p>						
Management Response		<table border="1"> <thead> <tr> <th data-bbox="1045 943 1109 1249">Agreed/Disagreed</th> <th data-bbox="1045 607 1109 943">Responsible Officer</th> <th data-bbox="1045 264 1109 607">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1109 943 1165 1249">Agreed</td> <td data-bbox="1109 607 1165 943">Finance Manager</td> <td data-bbox="1109 264 1165 607">21st July 2016</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Finance Manager	21 st July 2016
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Finance Manager	21 st July 2016						
No comment made.								

Audit Area: Procurement

Priority	Recommendation 3	Detailed Finding/Rationale						
2	A person other than the Headteacher should sign the delivery note or the invoice to confirm receipt of the goods or services as ordered.	<p>Expected Control</p> <p>A key control for effective separation of duties, is for the checking of goods and services on receipt to be carried out by a separate person to who approved the purchase order. This is supported by the Ofsted Guidance Keeping Your Balance (D15) that states "<i>the school should check goods and services on receipt to ensure they match the order. This should not be done by the person who signed the order</i>".</p> <p>Issue/Finding</p> <p>The Headteacher signs/approves all purchase orders. In one out of a sample of fifteen procurement transactions examined the delivery note had also been signed by the Headteacher. .</p> <p>Risk</p> <p>Where there is no evidence of separation of duties, there is a risk that purchases might be made that are not for the purposes of the school.</p>						
Management Response		<table border="1"> <thead> <tr> <th data-bbox="1125 938 1182 1245">Agreed/Disagreed</th> <th data-bbox="1125 595 1182 938">Responsible Officer</th> <th data-bbox="1125 257 1182 595">Deadline</th> </tr> </thead> <tbody> <tr> <td data-bbox="1182 938 1272 1245">Agreed</td> <td data-bbox="1182 595 1272 938">Headteacher and Finance Manager</td> <td data-bbox="1182 257 1272 595">Implemented</td> </tr> </tbody> </table>	Agreed/Disagreed	Responsible Officer	Deadline	Agreed	Headteacher and Finance Manager	Implemented
Agreed/Disagreed	Responsible Officer	Deadline						
Agreed	Headteacher and Finance Manager	Implemented						
Already aware and acknowledged.								

Audit Area: Information Governance

Priority	Recommendation 4	Detailed Finding/Rationale		
2	In future the Headteacher to authorise the loan of all laptop and tablet PCs.	<p>Expected Control Laptop and iPad loan agreement forms should be authorised by the Headteacher.</p> <p>Issue/Finding From an examination of twenty loan forms, it was found that the Headteacher had not signed any to authorise the loans.</p> <p>Risk If the laptop and tablet PC loan forms are not authorised, assets may be inappropriately used or lost including data.</p>		
Management Response		Agreed/Disagreed	Responsible Officer	Deadline
Already actioned.		Agreed	Headteacher	Implemented.

Audit Area: Income

Priority	Recommendation 5	Detailed Finding/Rationale
2	In future the Headteacher to authorise all lettings agreements.	<p>Expected Control The Headteacher will have overall responsibility for the letting of school premises which includes authorisation prior to taking place.</p> <p>Issue/Finding Three available lettings agreement forms were examined and found not to be authorised (signed) by the Headteacher.</p> <p>Risk If lettings agreement forms are not signed by the Headteacher to authorise them, there is a risk of unauthorised lettings taking place, loss of income and liability risks to the school from any loss or injury.</p>
Management Response		
No comment made.	Agreed	<p>Agreed/Disagreed</p> <p>Responsible Officer Headteacher</p> <p>Deadline 21st July 2016</p>

Priority	Recommendation 6	Detailed Finding/Rationale
2	<p>The school to amend its letting agreement form to require that all hirers have and provide details of public liability insurance to indemnify the school from any claims.</p>	<p>Expected Control The school's premises lettings policy (conditions of hire) and lettings application forms to include the requirement for appropriate public liability insurance to cover all its legal liabilities for accidents resulting in injuries to persons and/or loss of or damage to property. This to include a minimum insurance cover which for other Croydon schools is normally £5m.</p> <p>Issue/Finding The school's letting policy and agreement form does include the requirement to have and provide details of public liability insurance by the hirer.</p> <p>Risk If hirers are not required to provide details of their public liability insurance, there is a risk that they may be uninsured, which might lead to significant financial loss to the school from any claim made (e.g. injury to persons).</p>
Management Response		
No comment made.	Agreed	<p>Responsible Officer Headteacher</p> <p>Deadline 21st July 2016</p>

Appendix 1 – Agreed Terms of Reference

Greenvale 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	1	0
Procurement	0	1	0
Bank Accounts	0	0	0
Information Governance	0	1	0
Income	0	2	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.