

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2016/17

COMMITTEE:

AUDIT COMMITTEE

27th June 2016

Item No. 7
Finalised Audit Assignments

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

Author: Marc Crumbie (Operational Audit Manager)

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1. PURPOSE OF THE REPORT

This report provides Members with a summary of audit assignments completed between 16th April 2016 and 15th June 2016.

2. RECOMMENDATIONS

It is recommended that Members review the information contained within the report and:

2.1 Seek clarity and explanation where there are areas of concern.

2.2 Identify further action to be taken where deemed necessary.

3. BACKGROUND

3.1 In line with agreed procedures, I attach at **Appendix 1** a summary of audit assignments completed between 16th April 2016 and 15th June 2016.

3.2 I have provided Members with the Introduction, Scope & Objectives, Auditor's stated opinion along with a summary of all recommendations made for each audit review completed to final report stage within the stated period. Given the proximity of this meeting to the previous financial year, this report also incorporates finalised audit assignments from the 2015/16 Internal Audit Plan (these being highlighted in Appendix A).

3.3 Members will note that a total of 10 assignments have been finalised in the period.

3.4 The audit assignments summarised at **Appendix 1** are: -

CORPORATE & FRONTLINE SERVICES

- COUNCIL TAX
- HOUSING BENEFITS
- TAXATION

EDUCATION & LIFELONG LEARNING

- CEFN PRIMARY SCHOOL
- LLANTRISANT PRIMARY SCHOOL
- MOUNTAIN ASH COMPREHENSIVE SCHOOL
- YGG LLWYNCELYN
- YGG PONT SION NORTON
- YGG YNYSWEN
- CWMBACH CIW PRIMARY

4. SUMMARY

4.1 The regular provision of all summarised audit assignments to Audit Committee throughout the year is aimed at assisting Members in evaluating the effectiveness of Internal Audit work across all Council systems and services.

4.2 In doing so, it enables Members to form an opinion on the overall control environment of the Council.

LOCAL GOVERNMENT ACT, 1972
as amended by
THE ACCESS TO INFORMATION ACT, 1985
RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
LIST OF BACKGROUND PAPERS
AUDIT COMMITTEE
27th June 2016

Report of the Group Director, Corporate & Frontline Services

Author: Marc Crumbie (Operational Audit Manager).

Item	File Ref:
7. Finalised Audit Assignments	IA / MC
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APPENDIX A – FINALISED AUDIT ASSIGNMENTS**Audits from the 2015/16 Audit Plan****CORPORATE & FRONTLINE SERVICES****AUDIT NAME: COUNCIL TAX****DATE FINAL REPORT WAS ISSUED: 21/04/2016****INTRODUCTION**

The management and control of the Council's Council Tax Section is undertaken by the Corporate and Frontline Services Group (Operational Finance Division).

Council Tax is a tax levied on all eligible domestic properties. The amount of tax levied is dependent on the Council Tax band that the property falls into and the amount of tax to be raised by the Billing (Local) Authority. The monies raised through Council Tax (£95m 2015/16) contributes to the Council's income and is used to help support the Council's expenditure.

The full rate of tax is liable to be paid unless the property, owner or occupier is eligible for a reduction or exemption. The main reasons for reductions include empty property discounts, single person discounts, benefits for residents on lower incomes (where income includes wages, income support and pensions), and exemptions for students.

In November 2015 the Council Tax section instructed a company (Datatank) to review the accuracy of households claiming Single Persons Discount (SPD). This work included / resulted in:

- Datatank targeting 652 accounts from a sample of 4,952 for review.
- Of the 652 accounts reviewed, SPD was removed from 123 resulting in potential additional revenue of £36,262.00.

SCOPE & OBJECTIVES

The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the internal control systems operating within the Council Tax Section. The objectives of the review were to ensure that:

- Where the Single Persons Discount Review performed by Databank identified discounts that were to be removed from accounts this was done accurately and in line with Council procedures.
- Student exemptions are robustly controlled.

AUDIT OPINION

Overall the control environment in relation to the specific objectives examined for this Council Tax review is considered to be effective with opportunity for improvement.

With regard to the specific objectives examined:-

Single Persons Discount

The report prepared by Datatank identified 123 single person discount removals which totalled additional estimated revenue of £36,262 with the exercise costing the Council £2,460.

The exercise performed by Databank reviewed Single Persons Discount applied to accounts over an 8 month period and it clearly appears to have delivered positive outcomes and value for money on this occasion.

Noting the above, Management could consider widening both the sample period and type of reduction / exemption being applied to properties to help identify further opportunities to maximise income.

Recommendations have been made within this report that aim to further strengthen the processes for up dating the Council Tax system.

Student Exemptions

A total of 50 student exempt properties were sampled, 34 in Treforest and 16 located throughout the other parts of the County Borough.

Interrogation / testing of the data established the following:

- Of the 16 student exempt properties outside of Treforest examined, each had provided evidence to support the occupier being a full time student.
- Of the 34 student exempt properties examined in Treforest, evidence had been provided to support each student declared on the exemption forms submitted by the landlord / agent.

The number of students living at the 34 properties sampled in Treforest recorded on the Council Tax system were compared to the number on the House of Multiple Occupation (HMO) license. Whilst no issues were noted in terms of 'over-population' of persons permitted on the relevant HMO license, it was identified that the Council Tax section do not systematically inform the HMO licensing team of student exempt properties / the number of students present at each to enable the team to identify unregistered / overpopulated HMO properties.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Low	A sample of 20 properties included in the Datatank exercise were examined to establish whether appropriate evidence was received to support the continuation of single persons discount. It was established that no evidence was received for 1 of the 20 properties, account no. xxxx9128.	Management should review the case identified and establish whether the single persons discount has been correctly applied. Management should consider reviewing a greater sample to ensure the same issue has not occurred at other properties
5.1.2 Low	The Datatank project report identified that 22 accounts had been rebilled (single persons discount removed) following the home-owner declaring that they no longer wished to claim single persons discount. From a sample of 6 accounts it was established that 1 had not been actioned on the Council Tax system and the single persons discount was therefore continuing to be applied to the property (account number xxxx3827).	Management should update the Council Tax system for the property identified so that it accurately reflects no single person's discount being applied. Management should review all the other accounts categorised as 'rebill' from the Datatank exercise to ensure that each case has been accurately assessed and actioned on the Council Tax system.
5.1.3 Low	A sample of 15 SPDs where the title was "Mrs" on the Council Tax system were compared to the Open Register to ensure both sets of records corresponded. 7 of the properties did not appear on the Open Register, for the remaining 8 a discrepancy was noted with 1:- <ul style="list-style-type: none"> Account no. xxxx8064. Single persons discount claimed from 5/1/10, however an additional name 'FW' appears on the Open Register. 	Management should review the case identified to establish whether the property should continue to receive Single Persons Discount. Moving forward, Management should consider undertaking the same checks on a periodic basis to

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		identify and resolve properties which may be incorrectly receiving Single Persons Discount.
5.2.1 Medium	<p>Landlords of properties containing 3 or more persons from different families are required to register their property as a House of Multiple Occupation (HMO).</p> <p>Audit testing did not identify any instances of non-compliance in terms of HMO being 'over-populated'.</p> <p>It is a role of the Environmental Health Section to ensure that all rented properties comply with legislation, including Houses of Multiple Occupation (HMO).</p> <p>The Council Tax section do not systematically inform the HMO licensing team of student exempt properties / the number of students present at each to enable the team to identify unregistered / overpopulated HMO properties.</p>	<p>On a periodic basis the Council Tax Section should share with the Environmental health Section -</p> <ul style="list-style-type: none"> • A report which highlights all properties being exempt from Council Tax as all tenants are students. • A report of properties containing 3 or more unrelated residents.

AUDIT NAME: HOUSING BENEFITS

DATE FINAL REPORT WAS ISSUED: 11/05/2016

INTRODUCTION

Housing Benefit is a national welfare benefit made available to people on low incomes to help them pay their rent. Depending on the individual circumstances of the claimant, they can have part or all of their rent paid.

From 1st April 2013, the amount of Housing Benefit paid to working age tenants who live in Council or Housing Association properties was reduced nationally, where they have more bedrooms than the family requires. There are some exemptions, such as those of pension credit qualifying age, tenants in some types of temporary accommodation and tenants in supported exempt housing.

The Housing Benefits System represents an area of potential high financial risk due to the substantial amount of expenditure involved, the number of people dependent on the scheme and the potential for fraud and error.

Rhondda Cynon Taf County Borough Council awards approximately £76 million annually to approximately 30,000 claimants on behalf of the Department for Work & Pensions.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for financial year 2015/16, as agreed by Audit Committee, a review of the key controls within the Housing Benefit Service was undertaken. Audit testing was focussed on new applications and changes in circumstances.

The primary purpose of the review was to provide Management with an opinion on the adequacy and effectiveness of the internal control system, the objectives of the review were to;

- Ensure that new applications are complete, benefit awarded is accurate and the applications have been processed within the required timescale(s);
- Ensure that change in circumstances are updated promptly and are supported by adequate evidence (to include change of payee, change of bank details and payment by bacs).

AUDIT OPINION

Overall the control environment in relation to the Housing Benefits System is considered to be effective with opportunity for improvement.

Audit testing incorporated a sample of new applications and change of circumstance notifications. Following a series of tests to ensure that key information and documentation required to process new applications had been provided by claimants, and/or requested by the Housing Benefits Team - all were found to be appropriate.

When re-performing the benefit calculations, 2 anomalies were identified and reviewed in detail during the fieldwork for the review. Both queries were resolved and it was confirmed that no implications to the awarded amount(s) were required as both related to child maintenance / benefit 'income'.

Where the Council are advised by claimants of any changes of circumstances, the necessary amendments (and where required, follow up action i.e. request for further information from the claimant) were made promptly and the award, where necessary, had been revised/amended to reflect those changes.

By implementing the associated recommendations contained within this report, Management will enhance further the standard of control.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Low	<p>A sample of new claims was selected and the benefit calculation checked back to the source documentation. The calculation was also re-performed.</p> <p>All claims were found to be accurate. However, the following 2 anomalies were evidenced in respect of supporting information that should have been requested during the assessment process:</p> <ul style="list-style-type: none"> Claim number XXXXXX92 - the figures provided on the e-claim were uploaded automatically, however, the assessor had not verified the amounts to the source documentation i.e. DWP notification. As a result the Child Benefit had shown as a weekly figure instead of the monthly figure of £34.20 (although this makes no difference to the overall amount awarded as it is classed as 'disregarded' income). Claim number XXXXXX67 - an unidentified source of income was found on the bank statement, however, this had not been challenged by the assessor and could have affected the overall award amount. During the audit, the claimant was contacted on 22nd January 2016 to establish the source of income, who confirmed in writing that the payments were made by the child's father as maintenance for the child (received 4th February.) Maintenance had not been recorded on the application form; however, child maintenance payments would not affect the amount awarded as it is 'disregarded' income. 	<p>Management should remind all staff of the importance of verifying the figures uploaded automatically from an e-claim.</p> <p>Management should ensure that the calculations are re-performed using the correct figures.</p> <p>Management should also remind staff that all unidentified income which could constitute eligible income should be investigated appropriately.</p>

AUDIT NAME: TAXATION**DATE FINAL REPORT WAS ISSUED: 27/05/2016****INTRODUCTION****Value Added Tax (VAT)**

Value Added Tax (VAT) was introduced to the UK in April 1973 and is administered by Her Majesty's Revenue and Customs (HMRC). The Council is registered and, therefore, VAT is a tax chargeable on the value added by this Council for the supply of goods and services. At present there are 5 VAT rates:

Taxable

1. Standard Rated (ST) 20%
2. Reduced Rate (SU) 5%
3. Zero Rated (ZR) 0%

Non-Taxable

4. Exempt (EX)

Non-Business

5. Outside of Scope (OS)

The circumstances in which these rates apply vary according to the goods or services being supplied.

The Authority prepares and submits returns on a monthly basis in order to reclaim VAT. The Capital, Grants & Taxation Team prepare the returns which are based on reports generated from the Authority's Financial System.

In the late 1980's legislation was introduced which gave HMRC greater powers against those who failed to comply with VAT regulations. The result has been that failure to charge VAT appropriately on income or the reclaiming of VAT inappropriately on expenditure now attracts, at least, an interest charge by HMRC, in the case of larger sums a mis-declaration penalty may also be imposed.

Construction Industry Scheme (CIS)

The Inland Revenue introduced the Construction Industry Scheme (CIS) in August 1999 in an attempt to control potential tax evasion by subcontractors.

The main responsibility of the scheme imposed on Councils / Schools (the Contractor) is that they must not engage a subcontractor to perform construction related operations when they do not hold a new style registration card or tax exemption certificate which the Inland revenue issues to the subcontractor.

HMRC may visit the Council at any time to audit the Council's records, documents and procedures.

SCOPE & OBJECTIVES

In accordance with the agreed Internal Audit Plan for the Financial Year 2015/16 a review of Taxation was undertaken specifically focussing on the Council's administration of VAT and Construction Industry Scheme.

The specific objectives examined were to ensure that:

- The Construction Industry Scheme taxation is being correctly administered.

- VAT on Purchase card expenditure incurred by the Communities First service is being correctly administered.
- The Expenses system is being correctly used to administer for VAT.

AUDIT OPINION

Overall the control environment in relation to the administration of VAT and CIS is considered to be effective with minor anomalies noted within the sample selected for this review.

The Council has detailed procedures in place and the associated manual checks that occur enhance the control environment.

This review has confirmed overall compliance with the procedures in place; however minor instances of non-compliance have been identified. Whilst the amounts involved are not significant, timely reminders to all relevant managers and staff will aim to increase awareness and subsequent compliance.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Notes of guidance for users on the Travel Management System have been developed and made available to officers electronically (latest version June 2012).</p> <p>Examination of this document established that VAT was referred to in sections 4.4 and 6.5; however it does not cover all aspects of expenditure that is reimbursed via this expense system.</p> <p>A review of the non-mileage, 'out of pocket' type reimbursements for the period 01/04/15 - 16/12/15 identified:</p> <ul style="list-style-type: none"> • That the system parameters allow an employee to select / determine that the expenditure is a vatable item for Bus/Rail Travel (items which are zero rated). • Furthermore, around half of the Bus/Rail journeys had incorrectly reclaimed VAT amounting to £1,458. 	<p>The Head of Service for Pensions, Payroll and Payments, working in conjunction with the VAT Officer, should review and update the expenses guidance document to ensure that all aspects of VAT on 'out of pocket' type reimbursements are comprehensively covered.</p> <p>The system parameters will need to be reviewed and amended where appropriate to help remove any ambiguity.</p> <p>The VAT reclaimed in error should be adjusted accordingly.</p>
5.1.2 Low	<p>Manual expense forms are completed by officers who are unable to access the computerised system. All receipts should be attached to the expenses forms, authorised by their line manager and submitted to the Payroll section for processing.</p> <p>A sample of 12 pink expenses forms were examined to ensure that VAT had been correctly</p>	<p>The Head of Service for Pensions, Payroll and Payments should remind the Payroll Officers to check that the VAT stated is accurate.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	accounted for on each, which identified 3 minor inaccuracies.	
5.2.1 Low	<p>Purchase Cards are used to make purchases by officers in each of the Community First Cluster areas. At the end of each month they are required to update the Purchasing Card system and include details such as the VAT amount.</p> <p>After the details have been updated into the Purchasing Card system the receipts / invoices are provided to a Finance Officer to check for accuracy. If the Finance Officer identifies any VAT errors, an adjustment form is completed and provided to the VAT team for the error to be corrected.</p> <p>A sample of 50 purchase card transactions from a variety of cluster areas were examined to ensure that VAT had been correctly treated on each; minor anomalies were noted on 7 of the transactions.</p>	<p>All Officers responsible for the input / authorisation of Purchase Card transactions should be reminded of the importance of ensuring that all entries in the Purchase Card system correctly account for VAT.</p> <p>When the Finance Officer identifies errors the Communities 1st Co-ordinator should be informed. If considered necessary, this Officer should arrange for staff responsible for inputting / authorising transactions to receive guidance notes / training from the VAT team to ensure that all transactions correctly account for VAT. The Finance Officer should continue to complete an adjustment form of the errors identified and submit it to the VAT team for the corrections to be made.</p>
5.3.1 Low	<p>Cheque book schools process all invoices they receive for payment with the exception of invoices which relate to CIS works. Invoices with a corresponding cheque should be provided to their Accountancy support officer to be correctly accounted for.</p> <p>The expenditure reports from SIMS were examined for 5 comprehensive schools for the period September to November 2015, to establish compliance with the required protocol. All invoices from the sample were processed correctly with the exception of 3, all of which were from the same school</p>	<p>The Finance manager at Ysgol Gyfun y Cymer should be reminded of the correct protocol to follow in respect of CIS Payments.</p> <p>In addition, all 'cheque book' schools should receive a reminder in respect of</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	(Ysgol Gyfun y Cymer).	the protocol to follow when administering CIS Payments.

EDUCATION & LIFELONG LEARNING
AUDIT NAME: CEFN PRIMARY SCHOOL
DATE FINAL REPORT WAS ISSUED: 28/04/2016
<p>INTRODUCTION</p> <p>The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.</p> <p>Cefn Primary was last subject to an Internal Audit Review in December 2011; this is the third cyclical visit made to the school.</p>
<p>SCOPE & OBJECTIVES</p> <p>The checklist for chequebook primary schools comprises of 155 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2015/16.</p> <p>The objectives of the review were:</p> <ul style="list-style-type: none"> • To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding. • To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations. • To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service. • To ensure that all school meal income due is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up with free meals only being provided where entitlement has been confirmed by the Council. • To ensure that all orders raised by the school are appropriate and reflected in the budget, correctly authorised and comply with Financial Regulations. • To ensure that the School's budget has been approved by the Governing Body and to ensure that the budget set by the School complies with the 'Fair Funding: Scheme for Financing Schools', is in line with the funding available, individual budget heads are reasonable and that the budgetary information used for monitoring and reporting is complete, accurate and up-to-date. • To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998. • To ensure that petty cash is held securely, expenditure properly incurred and the account is appropriately monitored and controlled.
<p>AUDIT OPINION</p> <p>Overall, the control environment at the School is considered to be effective with opportunity for improvement.</p> <p>The School has a Child Protection Policy in place, this was devised using the draft template issued by the Council and has been updated to reflect the</p>

school's requirements. It was presented and adopted by the Governing Body in the meeting of 22nd September 2015. Training undertaken in respect of Safeguarding was evident with certificates present. A record of DBS checks was in place and is up to date. The School used the Evolve system to document and authorise all planned trips within the sample examined.

Records in respect of the School Private Fund indicate the account is well administered. The Treasurer maintains detailed records, and all income and expenditure transactions had an adequate audit trail, with the exception of fruit / tuck shop income which at the time of the fieldwork was not recorded until the ledger is updated. The account is regularly reconciled and income is banked promptly. All expenditure incurred is solely for the benefit of the pupils.

There was a sufficient audit trail in respect of Purchase Card transactions.

Dinner money is updated to SIMS on a weekly basis, with a manual record maintained of income received. Three instances were noted where income had been input onto the Dinner Money system but had not been recorded on the manual record. Bankings are also carried out weekly in accordance with the Council's recommended procedures. Overall, the School are following the prescribed policy to recover school meals arrears, although the school has been charged on one occasion where they did not 'refer' two individuals in accordance with the prescribed process. Details of outstanding monies are reported to Catering Finance on a half termly basis. Testing identified that free school meals are only being served to those for whom eligibility has been confirmed and retained.

The latest self evaluation return submitted by the school in May 2015 indicates all key controls in relation to Purchasing, Budgetary Control, Data Security & Inventory and Petty Cash are in place.

Implementation of the recommendations contained within this report will enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Low	From review of the private fund records it was noted that no record is made of the tuck / fruit income that is received on a daily basis. It is recorded in the ledger but as a summarised total for the week.	The income received from tuck shop and fruit sales should be recorded on a daily basis. This will ensure that staff are fully aware of the amount of income present on site on any given day.
5.1.2 Low	Although it is acceptable to have the private fund ledger in electronic format there are certain requirements that must be considered. One of them is to print out copies of the ledger when the account is reconciled on a monthly basis. This can be aided by giving each monthly period a separate tab on the spreadsheet reducing the amount to print out. The copy of the ledger can be used and retained with the bank statements for each monthly period.	The Fund Treasurer should consider adjusting the fund ledger so that each monthly period has its own tab which can be completed and then printed out to be used as part of the reconciliation process to the Private Fund Bank Statements.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.1 Low	Review of the Barclaycard bank statements revealed evidence of the reconciliation process being undertaken with transactions ticked, the statements signed and dated by the School clerk and countersigned by the Head of School. However, no such evidence was present on the transaction log. <i>Internal Audit undertook the reconciliation process and no issues were identified.</i>	When undertaking the purchase card reconciliation process staff should ensure that the transaction log as well as the bank statements reflect this process being undertaken.
5.3.1 Low	On review of the dinner money records for the period January 2016 some minor variances were noted between the manual records and the dinner money system as follows: <u>Week ending: 15.1.2016</u> <ul style="list-style-type: none"> £4.40 recorded on system but not on manual record. <u>Week ending: 22.1.2016</u> <ul style="list-style-type: none"> £0.20p transposition error - amount on manual records £9.80, system only shows £9.60. <u>Week ending: 29.1.2016</u> <ul style="list-style-type: none"> Staff income of £6.40 has been input onto the system but not recorded on the manual record. 	Care should be taken to ensure that all school meals income is accurately recorded on both the manual record and the Dinner Money system so that both sets of records represent an accurate position.
5.3.2 Low	On review of the school meal income banked, it was identified that the school have been charged for arrears for two pupils; Child 1 - £28.80 Child 2 - £43.20 The school clerk reported that these particular cases were not referred to Education Finance for further action as per protocol requirements.	In accordance with the Arrears Recovery Protocol where levels of arrears have accumulated, the school should refer those users concerned to Education Finance for further recovery action.

AUDIT NAME: LLANTRISANT PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 18/05/2016

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Llantrisant Primary was last subject to an Internal Audit Review in December 2011; this is the third cyclical visit made to the school.

SCOPE & OBJECTIVES

The checklist for chequebook primary schools comprises of 155 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2015/16.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal income due is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up with free meals only being provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the school are appropriate and reflected in the budget, correctly authorised and comply with Financial Regulations.
- To ensure that the School's budget has been approved by the Governing Body and to ensure that the budget set by the school complies with the 'Fair Funding: Scheme for Financing Schools', is in line with the funding available, individual budget heads are reasonable and that the budgetary information used for monitoring and reporting is complete, accurate and up-to-date.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.
- To ensure that petty cash is held securely, expenditure properly incurred and the account is appropriately monitored and controlled.

AUDIT OPINION

Overall, the control environment at the School is considered to be effective with opportunity for improvement.

The School has a Child Protection Policy in place, and this was devised using the draft template issued by RCT and it has been updated to reflect the school's requirements. It was presented to and adopted by the Governing Body in a meeting of 8th October 2015. Training undertaken in respect of

Safeguarding was evident with certificates present. A record of DBS checks was in place; however one member of staff was not included on the list provided by the school (Note: the member of staff had received a cleared DBS check prior to commencing in post). The School used the Evolve system to document and authorise all planned trips within the sample examined.

Records in respect of the School Private Fund indicate the account is well administered. The Treasurer maintains detailed records, and all income and expenditure transactions had an adequate audit trail. The account is regularly reconciled and income is banked promptly. All expenditure incurred is solely for the benefit of the pupils; however a Petty Cash account is administered through the Private Fund which is not best practice and therefore some purchases made would be deemed inappropriate using this method (although it is accepted that a reimbursement is made at the end of each term from the budget account to cover the expenditure). This should cease and a suitable option put into place i.e. using the school budget either by cashing cheques or making cash withdrawals with the school's purchase card.

There was a sufficient audit trail in respect of Purchase Card transactions. Records are kept up to date and were evidently reconciled upon receipt of the bank statements. The process of completing cash book journals needs to be changed as the current method only records the net and VAT value of purchases/payments made using the card rather than also including details of items purchased.

This review has confirmed that all school meals income is being banked; however, there are practices in place at the school that result in school meals income for each previous week (received Wednesday, Thursday and Friday) being banked the following week. This money is held securely at the school premises during this period. The main implication of this practice is that weekly banking returns do not reconcile to the income received each week.

It was also noted that the Weekly Banking & Catering Returns are not being certified by the Headteacher. The School are following the prescribed policy to recover school meals arrears, although the school has been charged on one occasion where they did not 'refer' one user using the prescribed process. Details of outstanding monies are reported to Catering Finance on a half termly basis. Testing identified that free school meals are only being served to those for whom eligibility has been confirmed and retained.

The latest self evaluation return submitted by the school in May 2015 indicates all key controls in relation to Purchasing, Budgetary Control, Data Security & Inventory and Petty Cash are in place.

Implementation of the recommendations contained within this report will enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Low	The school currently operate a 'Petty Cash' float through the Private Fund. This is done by cashing cheques from the Private Fund and then reimbursing the account from the School Budget account on a termly basis.	The School needs to cease the current practice of operating a 'Petty Cash' float through the Private Fund. The School should either go back to the traditional method of

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		operating the Petty Cash via cashing cheques from the school budget and recording all purchases on SIMS or consider making cash withdrawals using the School's purchase card.
5.2.1 Low	Comparison between the list of staff provided by the Headteacher and the Vision System identified one member of staff on Vision that is not on the school's list.	The Headteacher should ensure that the school maintains an up to date list / record of all staff currently working at the school both permanently and temporarily.
5.3.1 Low	Review of the cash book journals completed for purchase card transactions revealed that currently the journals only record the net and VAT value of purchases/payments made using the card rather than also including details of items purchased.	The cashbook journals completed for the purchase card transactions should show the following details for each transaction: <ul style="list-style-type: none"> • expenses description • supplier name • Net value • VAT value (where applicable) • cost centre & subjective code
5.4.1 Low	Currently the school are banking school meals income received on Monday and Tuesday at the end of the day on each Tuesday. Income received throughout the rest of the week is not banked until the following week. This can cause some confusion as the amounts banked will not always match the weekly totals on the Dinner Money system. This current practice can make the system figures look misleading as weekly income figures do not always reconcile to the weekly bankings.	The school needs to consider printing out an unauthorised banking return at the end of each week, this will then formally account for the unbanked income present at the school.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		Alternatively, dinner money received throughout the week is banked each Friday.
5.4.2 Low	Review of the weekly banking and catering returns revealed that neither set of documents have been certified by the Headteacher.	The Headteacher should certify both the Weekly Banking Returns (to confirm the income received and banked) and the Weekly Catering Returns confirming the weekly meal figures.

AUDIT NAME: MOUNTAIN ASH COMPREHENSIVE SCHOOL

DATE FINAL REPORT WAS ISSUED: 28/04/2016

INTRODUCTION

Mountain Ash Comprehensive School is an 11 - 18 mixed comprehensive school. There are 864 pupils at the School, including 144 in the sixth form. The proportion of pupils entitled to free school meals currently stands at 30%. The total budget for the School in financial year 2015/16 was in excess of £3.8m. Mountain Ash Comprehensive School was last subject to an audit review in November 2013.

SCOPE & OBJECTIVES

All financial systems in operation were considered and an assessment carried out in consultation with the Headteacher and Chair of Governors to identify those areas representing the highest risk to the School, and therefore necessitating review.

On the basis of this risk assessment, audit work was carried out on the following areas of administration:

- Governance
- Safeguarding
- School Private Fund
- Purchase Card
- Petty Cash
- Equipment and Data Security

AUDIT OPINION

Overall, the control environment in relation to the School's financial systems and governance arrangements is considered to be effective with opportunity for improvement.

Governance

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body and its sub committees have the requisite number of members and quorate levels for meetings are achieved. However, there are 2 LEA vacancies and the school should endeavour to fill the vacancies as soon as possible.

Although a Register of Business Interests is in place at the School and is updated on an annual basis, no declaration was present for the Headteacher.

All statutory policies are present and have been formally approved by the Governing Body; however, in accordance with the planned School Policy review, the Whistle Blowing Policy and the Race Equality Policy should be reviewed / updated where necessary and presented to the Governing Body.

Safeguarding

Good practice is noted in that the School has the relevant safeguarding policies and procedures in place; however an issue was noted in respect of the timeliness of the annual review of the Child Protection Policy. The School and its Governing Body should ensure that the policy is subject to a review on an annual basis in accordance with requirements.

Audit testing confirmed that no staff commenced employment at the school prior to the completion of pre-employment checks.

Although details of all Child Protection training undertaken by staff is maintained on a training record, it was identified during the fieldwork for this review that 18 members of staff had not received the training. As a minimum, Level 1 Safeguarding training should be arranged for all 18 members of staff as soon as possible.

Care should be taken to ensure that all trips / activities are entered onto the EVOLVE system within the correct timescales as stated within the document 'Planning and Approval Procedures for Educational Visits' as this is currently not adhered to on all trips which take place. It should also be ensured that all trips are correctly classified, in order for the Outdoor Education Advisor to give the necessary assurance that the provider and trip arrangements are appropriate.

School Private Fund

The School Private Fund is administered well with detailed records that provide an adequate audit trail for all income and expenditure transactions. The account is subject to regular reconciliation and a copy of the most recent bank mandate is held on file.

The School has introduced its own set of proformas for administering school trips, and these were found to be in use and accurately completed for each of the trips examined, with a clear audit trail for the handover of cash to the fund Treasurer.

This report recommends that the School Private Fund audited accounts are prepared and presented to the Governing Body in line with the timescales prescribed by the Director of Education, and that any member of staff running a School trip is required to complete and provide the Treasurer with a statement of account within one month of the conclusion of the trip.

Purchase Card

There are 3 Purchase Cards at the school. There is a sufficient audit trail in respect of evidence being available that supports expenditure via the 3 cards. However, no formal Transaction Log is being maintained to record details of all purchases made on an ongoing basis in respect of 1 of the cards. This report recommends that the Home Economics Department ensure that a Transaction log is updated with details of all purchases immediately after a purchase has been made. As with the other cards, the Transaction Logs should then be used to reconcile the Bank Statements upon receipt.

Petty Cash

The control environment for the administration of the Petty Cash Account is effective, with no issues to report.

The account is well run, with high level risks being adequately controlled and there is an adequate audit trail for all expenditure transactions. The account is subject to regular reconciliation.

Equipment & Data Security

The control environment in respect of School Equipment and Data Security is also effective. The School is registered with the Information Commissioner and a valid copy of the registration is held at the school. Information held on the system is backed up daily, confidential data is kept securely and Management has indicated that passwords are changed regularly. There are systems in place to protect against computer viruses.

The implementation of the recommendations made within this report will enable the Headteacher to further enhance the standard of administration at the School.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.3.1 Low	Examination of the Annual Auditors Certificate identified that whilst it was completed and signed by the Auditors on 27.11.15, the Audited accounts were not due to be presented to the Governing Body until March 2016. It was also noted that in respect of the previous academic year, the accounts were not presented to Governors until 29.4.15.	In future, it should be ensured that the School Private Fund audited accounts are prepared and presented to the Governing Body in line with the timescales prescribed by the Director of Education – i.e. 31 st December.
5.4.1 Medium	Section 6 of the Cardholder Manual for School document issued by the Procurement Service states that: <i>'Each Purchasing Card transaction should be recorded on the transaction log as soon as the transaction is complete to ensure that no information is omitted'.</i> The school has three purchase cards, one is held by the School Bursar, one is held by the mini bus co-ordinator and the other by the Home Economics Department. Although Transaction logs are being updated by the School Bursar and the Mini bus co-ordinator, a log is not being completed by the Home Economics Department. It is being completed in retrospect on receipt of the Bank Statements by the School Bursar. Section 7 goes on to state that: <i>'Cardholders must check that the bank statements match those on the transaction log'.</i>	A Transaction Log should be updated by the Home Economics Department with details of all Purchase Card purchases immediately after a purchase has been made. As with the other cards, the Transaction Logs should then be used to reconcile the bank statements upon receipt, with the bank statements being ticked, signed and dated as evidence of the reconciliation taking place.
5.1.1 Medium	Section 2.9 of the Scheme for Financing Schools states that: <i>'Governing bodies are required to establish a register of business interests...which lists for each member of the governing body and the Head Teacher any business interests they or any member of their immediate family have. The register must be kept up-to-date by notification of changes from governors and the Head Teacher, and through an annual review process'.</i> Although a register has been established, no declaration was present for the Headteacher.	A declaration of business interests register should be completed on an annual basis, which details the business interests of all Governors, the Headteacher and any other staff who may influence financial decisions at the School. A declaration for the Headteacher

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		should be completed immediately.
5.1.2 Medium	<p>The required membership of Governing Bodies is set out in chapter 3 of The Government of Maintained Schools (Wales) Regulations 2005, which specifies that the composition of the Governing Body should consist of 6 Parent Governors and 5 LEA Governors.</p> <p>At the time of the fieldwork for the review, examination of the Governing Body structure revealed vacancies for:</p> <ul style="list-style-type: none"> • 2 Parent Governors; and • 2 LEA Governors. <p>It is acknowledged that there have been 3 applications for the roles of Parent Governor and that the School was in the process of appointing.</p>	The School should continue with their endeavour to fill the two LEA Governor vacancies.
5.1.3 Low	<p>All School policies are endorsed with the date of the last review and the date of the next periodic review. It was noted that two statutory policies were last subject to review during 2012, with a periodic review of September 2015.</p> <p>It was not evident that the policies had been reviewed during September 2015 and subsequently presented to the Governing Body for endorsement.</p> <p>The policies in question were:</p> <ul style="list-style-type: none"> • Whistle blowing; and • Racial Equality. 	<p>In line with the planned School policy review, both policies listed should be reviewed and updated where necessary and presented to the Governing Body.</p> <p>Endorsement of the policies should be minuted as confirmation of this process.</p>
5.2.1 Low	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should...have effective child protection policies and procedures in place that are reviewed at least annually'</i></p> <p>Whilst the School has developed a Child Protection/Safeguarding policy, it was last reviewed and endorsed by the Governing Body during their meeting of 14th July 2014.</p> <p>Although it is accepted that the Policy was reviewed in September 2015, the policy was not due to be presented to Governors for ratification until their meeting in March 2016.</p>	The School and its Governing Body should ensure that the Child Protection Policy is subject to a review and formal ratification on an annual basis.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.2 Medium	<p>Section 3.16 of Safeguarding Children in Education: The role of Local Authorities and Governing Bodies under the Education Act 2002 (WAG circular 005/2008) states that: <i>'Governing Bodies should ensure that the Headteacher and all other permanent staff and volunteers who work with children undertake appropriate training to equip them to carry out their responsibilities for child protection'.</i></p> <p>The Deputy Headteacher (who is the school's nominated Child Protection Officer) stated that staff received an update on Child Protection & Safeguarding on 11th January 2016; however examination of the school's training record identified 18 members of staff yet to receive training.</p> <p>Additionally, one of the school's nominated Child Protection Officers was unable to provide any documentary evidence of training undertaken.</p>	<p>As a minimum, Level 1 Safeguarding training should be arranged for all staff that were not present on 11th January 2016 as soon as possible.</p> <p>All staff should ensure that for any Child Protection Training undertaken, any certificates awarded should be retained at the school at all times.</p>
5.2.3 Medium	<p>All trips are being manually risk assessed by the trip organiser, entered on to EVOLVE and subsequently authorised by the School's EVC Co-ordinator.</p> <p>A sample of trips was chosen for examination, and the following was noted:</p> <ul style="list-style-type: none"> • Euro Disney - 14.7.14 not authorised until 30.6.14 • Glanllyn - 9.01.15 not authorised until 9.1.15 • Krakow - 16.2.15 not authorised until 12.2.15 • Auchvitz - 13.2.15 not authorised until 13.2.15 • New York - 14.4.14 not authorised until 2.4.14 • Llangrannog - 1.5.15 not authorised until 30.4.15 <p>For each trip, none had been entered onto Evolve within the designated 28 day time-scale.</p> <p>In addition, routine off-site visits such as sporting fixtures are not updated onto Evolve.</p>	<p>All trips / activities should be entered onto EVOLVE within the correct timescales in order for the Outdoor Education Advisor to give the necessary assurance that the provider and trip arrangements are appropriate.</p> <p>In addition to manual risk assessments, EVOLVE should be used to document all off-site visits, including those in relation to sporting fixtures/tournaments.</p>
5.3.1 Medium	<p>Section 9.1 of the School Private Fund Regulations states that: <i>'Any member of staff running a School trip is required to draw up and provide the Treasurer with a statement of account within one month of the conclusion of the trip. This must show details of all the receipts and payments relating to the trip'</i></p> <p>There were no statements of accounts for the sampled Krakow, London and Thorpe Park trips.</p>	<p>Upon completion of a trip, a statement of account and all supporting records should be passed to the Fund Treasurer to be retained as per the School Private Fund regulations.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.4.1 Low	<p>Examination of the School Purchasing Card expenditure identified 2 occasions where a receipt was not available to support the expenditure incurred using the Home Economics card.</p> <p>Although it is accepted that a Purchasing Card requisition sheet, which details the reason for the purchase, the gross, vat and net amount, had been completed by the School Bursar, the form had not been signed by the person who had incurred the expenditure. The two occasions were:</p> <p>7.10.15 - £11.50 - Asda 22.10.15 - £31.88 - Tesco</p>	<p>In accordance with the Purchase Card Cardholder manual, all items of expenditure must be supported by a relevant receipt / invoice / voucher, as proof of payment.</p> <p>Where, due to exceptional circumstances, such documents cannot reasonably be provided, details of the purchase should be recorded on the Purchasing Card requisition sheet (as has been done at the School) but the requisition sheet must be signed by the member of staff who incurred the expenditure as well as the Budget Holder or a Senior member of staff.</p>
5.4.2 Medium	<p>The Bank Statements for all 3 Purchase Cards are received monthly and are reconciled by the School Bursar who is also a card holder at the school.</p>	<p>The Purchase Card Bank Statements should not be reconciled to the Transaction Log by a card holder.</p> <p>Appropriate adjustments to the current responsibilities of staff should therefore be made to ensure that an adequate segregation of duties exists.</p>

AUDIT NAME: YGG LLWYNCELYN

DATE FINAL REPORT WAS ISSUED: 03/05/2016

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

YGG Llwyncelyn was last subject to an Internal Audit Review in March 2012 and this is the third cyclical visit made to the school.

SCOPE & OBJECTIVES

The checklist for chequebook primary schools comprises of 155 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2015/16.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal income due is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up with free meals only being provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the school are appropriate and reflected in the budget, correctly authorised and comply with Financial Regulations.
- To ensure that the School's budget has been approved by the Governing Body and to ensure that the budget set by the school complies with the 'Fair Funding: Scheme for Financing Schools', is in line with the funding available, individual budget heads are reasonable and that the budgetary information used for monitoring and reporting is complete, accurate and up-to-date.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.
- To ensure that petty cash is held securely, expenditure properly incurred and the account is appropriately monitored and controlled.

AUDIT OPINION

Overall, the control environment at the School is considered to be effective.

The School has a Child Protection Policy in place and this was devised using the template as issued by Rhondda Cynon Taf Council and has been updated to reflect the school's requirements. It was presented and adopted by the Governing Body in the meeting of 30th September 2015. Training undertaken in

respect of Safeguarding was evident with certificates present. A record of DBS checks was in place and is up to date. The School use the Evolve system to document and authorise all planned trips within the sample examined.

Records in respect of the School Private Fund indicate the account is well administered. The Treasurer maintains detailed records and all income and expenditure transactions had an adequate audit trail. The account is regularly reconciled and income is banked promptly. All expenditure reviewed as part of the sample was incurred solely for the benefit of the pupils.

There was a sufficient audit trail in respect of Purchase Card transactions. Records are kept up to date and were evidently reconciled upon receipt of the bank statements.

Dinner money is updated to SIMS on a daily basis and the records reviewed were accurate with the exception of one instance whereby a cash payment was incorrectly identified as an internet payment on the dinner money system. Income is banked promptly on a weekly basis in accordance with the Council's recommended procedures. The School have minimal outstanding dinner money arrears and where necessary are following the prescribed policy to recover school meals arrears. Details of outstanding monies are reported to Catering Finance on a half termly basis. Testing identified that free school meals are only being served to those for whom eligibility has been confirmed and retained.

The Purchasing process is also operating effectively although a number of payments for goods purchased have been processed via the non order payment facility rather than generating an official order or using the school's Purchase Card. All supporting documentation was present and complete.

The latest self evaluation return submitted by the school indicates all key controls in relation to Budgetary Control, Data Security & Inventory and Petty Cash are in place.

Implementation of the recommendations contained within this report will enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Review of a sample of non order payments identified occasions where goods / services have been ordered / purchased but the payments have been processed as 'non orders' instead of raising an official order:</p> <ul style="list-style-type: none"> • 16.10.15 - GP - £301.20. This was an order for school books. • 13.11.15 - GS & T - £354.00. This was an order for school badges. • 3.2.2016 - DE - £591.00. This was an order for various items for PDG Foundation Level. <p>Orders should have been raised on these occasions as a commitment to expenditure was made in advance.</p>	<p>The Non Order payment facility in SIMS should only be used for specific items of expenditure such as utilities, contractual agreements (photocopier leasing).</p> <p>Official orders should be raised in all cases where a commitment to expenditure is known in advance, or the items purchased using the school's Purchase Card.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.1 Low	A review of school meals income received during January 2016 identified one instance whereby a cash payment was incorrectly input onto the Dinner Money system as an internet payment thus resulting in the cash banked figure and internet income figure not matching.	Staff must ensure that all different sources of income i.e. cash or internet, is accurately updated to the Dinner Money system.

AUDIT NAME: YGG PONT SION NORTON

DATE FINAL REPORT WAS ISSUED: 26/05/2016

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

YGG Pont Sion Norton was last subject to an Internal Audit Review in March 2012 and this is the third cyclical visit made to the school.

SCOPE & OBJECTIVES

The checklist for non-chequebook primary schools comprises of 101 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2015/16.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal income due is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up with free meals only being provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the school are appropriate and reflected in the budget, correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

AUDIT OPINION

Overall, the control environment at the School is considered to be effective with opportunity for improvement.

The School has a Child Protection Policy in place and have used the template as provided by the Council which has been amended to reflect their requirements. It was presented to and ratified by the Governing Body in the meeting of 22nd October 2015. This is next scheduled for review in October 2016. Training undertaken in respect of Safeguarding was evident with the school currently having four members of staff with Level 3 training. However it was reported that none of the lunchtime supervisors have attended level 1 training as yet. A record of DBS checks was in place; however there were a

number of variances between the school list of staff and the Vision system which needs to be addressed. The School use the Evolve system to document and authorise all planned trips within the sample examined.

Records in respect of the School Private Fund confirmed that this area of administration requires particular improvement. Recommendations have been made within this report that are aimed at improving the control environment in place.

There was a sufficient audit trail in respect of Purchase Card transactions but the transaction log was not being used to record the transactions as and when they occurred; instead it was being updated during the reconciliation process. A review of purchases made with the cards revealed two purchases for fuel which had been made by both the Headteacher and Deputy Head for business related journeys - these should have been reclaimed via the expenses process (i.e. actual mileage incurred). A signing in and out sheet is used to record instances when staff use the card.

The latest self evaluation return submitted by the school indicates all key controls in relation to Purchasing, Formula Funding Allocations, Data Security & Inventory have been met and evidence retained.

Implementation of the recommendations contained within this report will enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	Lunchtime supervisors working at the school have yet to receive Level 1 Safeguarding training. All other staff have received relevant training as required.	The Headteacher needs to arrange Level 1 Safeguarding training for the staff in question as soon as possible.
5.2.1 Medium	The school clerk is currently responsible for the receipt and recording of School Private Fund income on a day to day basis. However, review of the Committee structure revealed that this officer is not the named Fund Treasurer and is actually appointed as one of the auditors.	The School need to review the Committee structure and correctly appoint staff to the positions that reflect the duties and responsibilities of those posts. The School Clerk (currently an Auditor) should be appointed as Treasurer and therefore a new auditor (who is independent to the process) should be appointed.
5.2.2 Low	Although it is acceptable to have the private fund ledger in electronic format there are certain requirements that must be considered. One of them is to print out copies of the ledger when the account is reconciled on a monthly basis. This	The Fund Treasurer should consider adjusting the fund ledger so that each monthly period has its

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	can be aided by giving each monthly period a separate tab on the spreadsheet so reducing the amount to print out. The copy of the ledger can be used and retained with the bank statements for each monthly period.	own tab which can be completed and then printed out to be used as part of the reconciliation process to the Private Fund Bank Statements.
5.2.3 Medium	Whilst a record is maintained to indicate that income has been received it is not counted or recorded in a timely manner. This may not be for a number of days after it has actually been received. Therefore on any given day the school is unaware of the exact amount of money being held.	Private Fund income should be counted and recorded as and when it is received. The introduction of the Record of Daily Income pro-forma could alleviate this as the clerk can record the totals of income received from each class (as it is received).
5.2.4 Low	On review of the bank statements it was noted whilst there was evidence of the reconciliation process i.e. transactions ticked etc - the statements were not signed or dated to confirm who and when this task was undertaken.	When undertaking the monthly reconciliation of the Private Fund account the Treasurer should sign and date the bank statements to evidence this.
5.2.5 Medium	<p>Review of expenditure incurred through the Private Fund revealed that an invoice / receipt was not present for the following:</p> <ul style="list-style-type: none"> • 25.9.15 - £120.00 • 15.9.15 - £268.75 • 18.5.15 - £320.00 • 9.10.15 - £50.00 • 13.10.15 - £67.00 • 16.10.15 - £20.00 • 26.10.15 - £48.24 <p>The Record of expenditure without a receipt proforma was also not completed for the above transactions.</p>	<p>Supporting documentation should be obtained whenever possible for all purchases made through the Private Fund.</p> <p>On occasions where this is not possible then the school should record such instances on the Record of Expenditure Without a Receipt pro-forma which can be found as Appendix 8 of the School Private Fund Regulations.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.3.1 Low	Whilst the school clerk maintains a transaction log for the purchase card it was reported that it is not updated until the account is reconciled rather than as and when transactions occur.	The transaction log should be updated as and when transactions occur. This log should then be compared to the Barclaycard system when the account is reconciled on a monthly basis.
5.3.2 Medium	A review of purchases made with the purchase card identified the following; Card No: 7862 - 20.11.2015 - £30.00 - fuel from Tesco; and Card No: 2848 - 19.11.2105 - £30.00 - fuel from Sainsbury. It was explained that these were for school related journeys undertaken by the Headteacher and Deputy Headteacher.	The two purchases for petrol should have been processed and reclaimed via the Personal Expenses process rather than using the purchase card. The cardholders need to reimburse the school budget account for the value of these purchases immediately and reclaim the expense via the expenses system. No such purchases should be made in future using these cards.

AUDIT NAME: YGG YNYSWEN

DATE FINAL REPORT WAS ISSUED: 28/04/2016

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

YGG Ynyswen was last subject to an Internal Audit Review in March 2011 (follow-up review) and this is the third cyclical visit made to the school.

SCOPE & OBJECTIVES

The checklist for non-chequebook primary schools comprises of 101 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2015/16.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal income due is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up with free meals only being provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the school are appropriate and reflected in the budget, correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

AUDIT OPINION

Overall, the control environment at the School is considered to be effective with opportunity for improvement.

The School has a Child Protection policy in place - they have used the template as provided by the Council which has been updated to reflect the school's requirements. It was presented to and adopted by the governing body in the meeting of 5th October 2015. This is next scheduled for its annual review in October 2016. Training undertaken in respect of Safeguarding was evident with the school currently having two members of staff with Level 3 training; a third member of staff was due to receive Level 3 training also. A record of DBS checks was in place and up to date. The School use the Evolve system to

document and authorise all planned trips within the sample examined.

In respect of the School Private Fund, the Treasurer maintains a detailed ledger but it was identified that the Treasurer does not maintain a daily record of income. Therefore there is no record of the amount of money held at the school on any particular day. Expenditure transactions had an adequate audit trail with all transactions supported by receipts/invoices. It was noted that the school had submitted an incomplete Annual Statement which had not been signed by all required members.

In respect of Purchase Card transactions, receipts were present to support expenditure but the transaction log was not being used to record the transactions. A signing in and out sheet to record instances when staff use the card was also not in place.

It was identified that the school have not submitted Self Evaluation checklists since the 2013-14 financial year. Therefore, the Headteacher is reminded that the Self Evaluation Checklists are to be reviewed and re-submitted to Internal Audit on an annual basis following presentation to the Governing Body.

Implementing the recommendations contained in the report will enhance the current levels of control.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Low	One of the named auditors for the private fund is also a cheque signatory which is not permitted as per the School Private Fund Regulations 2014 - auditors should be independent of the daily operation of the account.	The person appointed to the role of Private Fund Auditor cannot also be an authorised cheque signatory. Either a new auditor or new cheque signatory should be appointed.
5.1.2 Medium	Whilst a record is maintained to indicate that income has been received it is not counted or recorded in a timely manner. This may not be for a number of days after it has actually been received. Therefore on any given day the school is unaware of the exact amount of money being held.	Private Fund income should be counted and recorded as and when it is received. The introduction of the Record of Daily Income pro-forma could alleviate this as the clerk can record the totals of income received from each class (as it is received).
5.1.3 Low	During the visit a copy of the previous academic years Annual Statement was requested. The Fund Treasurer (School Clerk) was only able to provide a part of the statement (with the balance calculations). A copy of the annual statement was requested from Education Finance staff and it was identified that the copy submitted had only been signed the Fund Treasurer and one of the auditors, and was therefore incomplete.	The School must ensure that when the Private Fund Annual Statement is due for completion it is done so in full and is certified by all members of the Committee and both auditors

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		prior to being presented to the Governing Body and submitted to Education Finance.
5.2.1 Medium	Section 6 of the Cardholder Manual for School document issued by Procurement Services states that: <i>'Each Purchasing Card transaction should be recorded on the transaction log as soon as the transaction is complete to ensure that no information is omitted'</i> . The school do not maintain a transaction log to record all purchase card transactions.	The school should introduce a transaction log to record all purchase card transactions as and when they occur. This should then used as part of reconciliation process.
5.2.2 Low	Discussions at the school revealed that the number of staff who use the card is small (4 in total): these being the Headteacher, Deputy, School Clerk and the nursery teacher who uses it to purchase cooking items. However, no signing in and out log is maintained.	The school should introduce a signing in & out log for when the card is used by other members of staff and the card is removed from the premises.

Audits from the 2016/17 Audit Plan**AUDIT NAME: CWMBACH CIW PRIMARY****DATE FINAL REPORT WAS ISSUED: 27/05/2016****INTRODUCTION**

The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Cwmbach CIW Primary was last subject to an Internal Audit Review in December 2011 and this is the third cyclical visit made to the school.

SCOPE & OBJECTIVES

The checklist for non-chequebook primary schools comprises of 101 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2015/16.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal income due is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up with free meals only being provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the school are appropriate and reflected in the budget, correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

AUDIT OPINION

The overall control environment at the School is considered to be effective with opportunity for improvement.

There is a Child Protection Policy at the school which is reviewed annually. Level 1 safeguarding training was provided to staff in November 2015. There was a certificate and an attendance list at the school; however when comparing the attendance list to the list of all staff obtained from the Vision team, it was identified that only 4 of the 10 staff at the school were in attendance. All staff were DBS checked prior to commencing in post. Whilst there was a record of

DBS information at the school, it was not up-to-date (2 members of staff not included). All educational visits are recorded and approved on Evolve; however one instance was identified where an adventurous activity had not been entered and approved 28 days prior to the visit, as per the EVC guidelines.

The School Private Fund requires improvement. Testing identified instances of non-compliance with the School Private Fund Regulations, including the recording of income, banking of income and the nature of the expenditure. Due to these issues, it was difficult to reconcile income received and banked during the sample period.

All Purchase card transactions examined during the sample period were appropriate and the supporting receipts were present for all. All transactions are recorded on the transaction log. Currently, the Purchase Card is not shared amongst staff and no cash is withdrawn. However, the School Clerk and Headteacher were advised of the need to maintain additional records should this change in the future.

There were no issues in terms of receiving, recording and banking dinner money. For the sample period examined, all income received and banked reconciled. The School Clerk banks on a weekly basis. The School Clerk and Cook liaise weekly to ensure that the number of meals provided to pupils are accurate. The School Clerk has a robust system in place to pursue arrears. A sample of 20 free school meals pupils was selected from SIMS and the relevant authorisations were present for each.

The School is registered with the Information Commissioner and the certificate was viewed at the time of the review. The School is currently in the process of having a server installed by the Council, who will then undertake regular back-ups of the system on behalf of the school. Whilst equipment is taken off site, there is no formal record of this.

Implementing the recommendations in the report will improve the current levels of control.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should...ensure that the Headteacher and all other permanent staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'</i></p> <p>Whilst there was a certificate at the school demonstrating that Level 1 training was provided to staff on 2nd November 2015, the supporting attendance list demonstrated that only 4 of the 10 staff were in attendance.</p>	<p>The School should develop a central training record to demonstrate the date and level of attainment alongside individual staff names.</p> <p>This could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the policy's annual review.</p>
5.1.2	Whilst there is a record at the school of staff DBS information, it is not up to date as there are 2	The school should contact the Vision team

Low	current members of staff that are not listed.	to obtain an up to date record of staff DBS details and ensure that this record is kept up to date to reflect any future staff changes.
5.1.3 Low	<p>Table 1 of the 'Planning and Approval of Educational Visits 2013/14' guidelines advises that where visits are residential, abroad or involve demanding environments and/or adventurous activities, they must be <i>'planned and approved using the Evolve system at least 28 days before the visit'</i>.</p> <p>There was one adventurous activity on 15th July 2015 to Dare Valley Park. The details of the visit were not entered onto Evolve until 8th July and subsequently approved by the local authority on 9th July.</p>	The School should remind all staff that trip information should be collated on a timely basis to allow the EVC to approve the trip and submit to the Local Authority for approval within the procedure timescales.
5.2.1 Low	<p>Appendix 2 of the School Private Fund Regulations details the roles and responsibilities of the Treasurer.</p> <p>Whilst the School Clerk undertakes the role of the Treasurer, this officer has not been named Treasurer of the account.</p>	<p>The School Clerk should be appointed Treasurer of the School Private Fund account as this officer undertakes the roles and responsibilities of the Treasurer (as outlined in Appendix 2 of the School Private Fund Regulations).</p> <p>Amendments should be made to the remaining positions.</p>
5.2.2 Medium	<p>Point 4.3 of the School Private Fund Regulations states:</p> <p><i>'All monies collected must be banked intact, in order that income can be traced and reconciled to bankings. No deductions should be made from such money. However, if it is necessary to make small disbursements of cash [to be spent for SPF purposes], a cash float may be operated. (i.e. a cheque cashed up to the value of £50). Details of these purchases must be recorded on an appropriate form, an example of which is shown in Appendix 7, and receipts attached for each purchase made.'</i></p> <p>Difficulties were experienced in reconciling the income received and banked for the sample period of January 2016, as the School Clerk uses the cash collected for the sale of fruit to purchase more fruit.</p> <p>There is no separate cash float in use.</p>	<p>As per the School Private Fund Regulations, all income received should be banked intact and a separate cash float introduced.</p> <p><i>Note: The cash float must only be used for purchases that relate to the Private Fund.</i></p>

5.2.3 Medium	Testing identified that the Ledger is updated retrospectively upon receipt of the bank statements. Hence income and expenditure transactions were not recorded as and when they occurred.	The Ledger should be updated as and when income / expenditure takes place. When the bank statements are received, the transactions on the Ledger should be reconciled to the bank statements.
5.2.4 Low	Appendix 2, Point 1.2 of the School Private Fund Regulations provides details on how to maintain computerised ledgers. The School Clerk was not familiar with these requirements, in particular the need to print out on a monthly basis.	The School Clerk should become familiar with the requirements for maintaining an electronic ledger and ensure that these are complied with in future.
5.2.5 Low	There are currently 2 cheque signatories for the School Private Fund and both signatures are required to authorise a cheque.	The school should add another cheque signatory to ensure that cheques can be authorised and issued promptly (in the absence of one signatory).
5.2.6 Medium	Point 1.1 of the School Private Fund Regulations states: <i>'A School Private Fund is to be created wherever money is collected from pupils, or other sources, and is to be spent for the general benefit of the pupils only.'</i> 13 of the 19 instances of expenditure tested are deemed to be inappropriate. Examples include: <ul style="list-style-type: none"> • Weed killer £22.00; • Registration with the Information Commissioner £35.00; • Keys cut £11.25; • Nursery items, wipes etc £29.33; • Class cupboard £19.50; • Various items related to class topic / curriculum £141.18; and • ipad repair £45.00. 	All expenditure from the School Private Fund should be in line with the Regulations. The items listed would have been more appropriately funded from the budget account. The school budget account should reimburse the School Private Fund for the full cost of these items.
5.3.1 Low	There is no record at the school to document when equipment is taken off-site and subsequently returned.	Where equipment is taken off site, a record should be maintained containing the date of removal, item of equipment, serial number, name of the person removing it and the date it was returned.

