

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2016/17

AUDIT COMMITTEE

12th September 2016

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| Item No. 8 |
| 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 June 2016 and 31st August 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 June 2016 and 31st August 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. This report also incorporates two finalised audit assignments from the 2015/16 Internal Audit Plan (highlighted in Appendix A).
- 3.3 Members will note that a total of 4 assignments have been finalised in the period.

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

CORPORATE & FRONTLINE SERVICES

- CREDITORS (2015/16)

COMMUNITY & CHILDREN'S SERVICES

- COMMUNITY HOMES (2015/16)

EDUCATION & LIFELONG LEARNING

- COED-Y-LAN PRIMARY
- PENYWAUN 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

12th September 2016

Report of the Group Director, Corporate & Frontline Services

Author: Marc Crumbie (Operational Audit Manager).

| Item | File Ref: |
|--------------------------------|------------------|
| 8. Finalised Audit Assignments | IA / MC |

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APPENDIX A – FINALISED AUDIT ASSIGNMENTS

Audits from the 2015/16 Audit Plan

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| CORPORATE & FRONTLINE SERVICES |
| AUDIT NAME: CREDITORS |
| DATE FINAL REPORT WAS ISSUED: 23RD AUGUST 2016 |
| INTRODUCTION The overall responsibility for Creditors lies with the Group Director, Corporate & Frontline Services and is managed by the Team Leader - Payments, reporting to the Payroll & Payments Service Manager, who in turn reports to the Head of Service, Pensions, Payroll and Payments. Creditor payments are made via the Civica Financials System, either via the invoice-order matching process, if ordered through the e-procurement module or via the batch payment method. |
| SCOPE & OBJECTIVES In accordance with the Internal Audit Plan for financial year 2015/2016, as agreed by Audit Committee, a review of the systems for processing creditor payments was undertaken. The key objective of this review was: - <ul style="list-style-type: none">• To review the processes in place when new creditor accounts are requested. |
| AUDIT OPINION Overall the control environment in respect of the administration of new Creditors is considered to be effective with opportunity for improvement. A detailed Creditor Creation Form has been devised and is available to all staff on the Council's Intranet site. Audit testing confirmed that a Creditor Creation Form had been completed for all within the sample selected for review. One area of non-compliance was identified in relation to the full completion of the Employment Status Indicator section of the proforma and this has been reported in section 5.1.1 of this report. The central control team within the Creditors Service and the Council's Procurement Service challenge and control the administration of new Creditors with no other staff outside of these departments having the access to create new accounts on the Council's Civica system. To strengthen account control, during January 2015 the Service undertook a rationalisation exercise which resulted in the number of 'live' accounts being reduced. This exercise is now undertaken annually. Implementation of the recommendation included in the report will further enhance the internal controls already in place. |

| SUMMARY OF RECOMMENDATIONS: | | |
|------------------------------------|---|--|
| REPORT REF. & PRIORITY | FINDING | RECOMMENDATION |
| 5.1.1 Medium | <p>When the Council contracts with an entity to perform work on its behalf, it is important to be clear about Employment Status (i.e. employed or self employed) to determine whether or not Income Tax and National Insurance should be deducted at source.</p> <p>HMRC have devised a series of questions on their website which will lead each engager to the proper classification of status, with the result bearing a 14 digit reference as confirmation.</p> <p>Examination of a sample of new Creditor Creation Forms established that Forms are not always being completed with the 14 digit reference as confirmation of this check being undertaken.</p> | <p>Management should reinforce the requirement to follow HMRC Guidelines to all appropriate staff and request that this instruction be disseminated.</p> <p>If this reference is not provided in future, then forms should be returned to the Requesting Officer for completion.</p> |

COMMUNITY & CHILDREN'S SERVICES

AUDIT NAME: COMMUNITY HOMES

DATE FINAL REPORT WAS ISSUED: JUNE 2016

INTRODUCTION

There are four Community Homes in Rhondda Cynon Taf, the management and control of the Homes lies with the Children's Services Division, under the overall governance of the Group Director for Community and Children's Services and is delivered operationally by the Residential Services Manager.

The purpose of this audit review was to review the financial administration at each Home.

SCOPE & OBJECTIVES

In accordance with a request made by the Head of Service, Assessment & Care Planning, a review of the four Community Homes was undertaken.

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 each home.

Audit testing was carried out at each Home to ensure that the processes in place are consistent and robust.

AUDIT OPINION

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

Budgetary control

Budgetary Control records are being maintained for all individual budget headings at each Home, they are all updated to include the latest expenditure incurred and are reconciled to the transaction reports provided by Finance regularly. However, it was identified that at one home, a date and signature is not provided as evidence of this review.

Collections & Deposits

All staff are aware of the Council's requirements for receiving and recording income due to the Council. However, this report recommends that a periodic review of all collections to deposits is undertaken by the Manager at each Home to ensure that all income collected has been deposited with the bank and in a timely manner. (This is currently not undertaken at two homes).

Petty Cash

There is an adequate audit trail for all Petty Cash Account expenditure transactions and the accounts are subject to regular reconciliation. Of concern is that access to the safe is not strictly limited: all staff have access to the main safe in 2 homes thus increasing the risk of error or theft. This report recommends that Management should consider restricting access to the main safe at these establishments to designated staff only.

Unofficial Fund

In 2 of the Homes there are records held in respect of Unofficial Funds. It was established that the accounts have been inactive for some time and that the

current bank balances are low. Management should consider whether or not to close each account in order to alleviate the extra administrative duties associated with the running of each fund and then use the remaining balances in an appropriate manner.

Purchase Card

Three of the four Homes use the Council's Purchasing Card facility. Audit testing identified that there is a sufficient audit trail in respect of each card to support items of expenditure (through the retention of invoices / receipts). However, whilst a record is maintained on the occasions that the cards are shared with other members of staff, there is a lack of information relating to the movement of the card i.e. no times are logged by individuals when the card is actually taken / returned.

For the one remaining Home currently not using a Purchase Card, Management should consider introducing one in place of the current manual order book.

Food Stock Control

There is a menu system in place in three homes, which is drawn up jointly by the children and by staff, taking into consideration any special dietary needs and healthy eating. A four week sample of food items purchased was cross-referenced to the weekly menus and no anomalies were noted. However, no formal stock records are maintained and disposals of food items are not authorised. This report recommends that Management should consider the feasibility of introducing formal food stock records in order to alleviate the risk of theft or misappropriation of food stock, which ultimately could have a detrimental effect on food budgets.

Inventory

Full inventories of all equipment held is maintained, available for inspection and regularly updated. Audit testing confirmed no anomalies between the items listed on each inventory and the items present at each Home. However, observations at each Home identified that items were not marked up as property of the Homes. Hence, the deterrent against theft is reduced and in the event of an item being stolen and subsequently recovered, it may be difficult to identify the item as being Council property. This report recommends that where practical, items over a limit set by each Home are security marked. Also, only one Home formally records when items of equipment are disposed of. This report also recommends that in the event of an item being disposed of, a formal record be maintained on the inventory to reflect this stating the date, reason for disposal and the name of the responsible officer.

Children's Property

Property records for the children are maintained in 3 of the 4 Homes. However, it was brought to the attention of Internal Audit that 3 children at one Home are in receipt of disability benefits. In relation to the 3 children there was inconsistency in the administration of the individual bank accounts held on behalf of each young person and in addition, some records were incomplete in that they did not accurately reflect the amounts received / withdrawn or whether expenditure had been made in accordance with the intended purpose. This report recommends that in order to protect the money of the children and the staff at the Home involved in controlling it, individual files should be set up on behalf of the children and each file should be used to retain any bank statements or correspondence relating to the children's finances / benefits. A detailed record of expenditure that provides an adequate audit trail to support expenditure incurred should also be maintained within the file, and subject to regular and independent review.

Clothing Records

The control environment in respect of maintaining children's records is effective, with no issues to report. Individual clothing records are maintained in each child's file which details all purchases made for the children and this also corresponds to the petty cash account claims.

Pocket Money

The control environment in respect of children's pocket money is also effective with no issues to report. Pocket money records are maintained for all

children who reside at each Home and allowances are paid out in accordance with children's ages. Pocket money is signed for, deductions can be made in respect of sanctions and these are documented on cash transaction records which are kept and correspond with deposits made back into Council funds.

Implementation of the recommendations made within this report should provide Management the opportunity to further enhance the standard of administration in each of the Council's Community Homes.

| SUMMARY OF RECOMMENDATIONS: | | |
|------------------------------------|--|--|
| REPORT REF. & PRIORITY | FINDING | RECOMMENDATION |
| 5.1.1 Low | <p><u>Budgetary Control</u></p> <p>At each Home budget monitoring reports are received from Finance periodically. Although there is clear evidence on the reports that they have been reconciled to the budgetary control sheets i.e. items ticked as checked, at one Home, the transaction reports are not signed and dated to demonstrate that the reconciliation had taken place / been completed.</p> | <p>On completion of the reconciliation exercise between the budgetary control records and the transaction reports, the reports should be signed and dated to indicate when and by whom the exercise was undertaken.</p> |
| 5.1.2 Medium | <p><u>Collections & Deposits</u></p> <p>Examination of the General Receipt Books in 2 of the Homes revealed that currently no review is undertaken by the Managers.</p> | <p>The Manager or a designated senior member of staff at each Home should regularly review the General Receipt Book and subsidiary records to ensure that these are complete, accurate, and that all income collected is deposited at the bank. The person undertaking the review should sign the records to certify that they are a true reflection of the collections and deposits that have occurred.</p> |
| 5.1.3 Medium | <p>Examination of the income collected at one Home identified a delay in banking:</p> <ul style="list-style-type: none"> • £319.50 was banked for 3 items of income collected between 30/9/15 and 14/10/15. <p>Furthermore, as the Bank Paying in book is not duplicated by way of carbon (it is completed in full in ink) it does not include the date the deposit was made at the bank as the book has not been stamped as checked by the bank - instead a till receipt (not dated) is stapled to it.</p> | <p>Whilst it is accepted that the money is locked in a safe, all income collected should be banked regularly i.e. weekly where £50.00 or more is collected, or immediately where the amount in hand reaches £200.00.</p> <p>When depositing income at the</p> |

| SUMMARY OF RECOMMENDATIONS: | | |
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| REPORT REF. & PRIORITY | FINDING | RECOMMENDATION |
| | | bank it should be ensured that each paying in slip is duplicated by the use of carbon paper and that the date, income breakdown and subjective code is detailed. |
| 5.1.4 Medium | <u>Petty Cash</u> All staff have access to the safe at two Homes. | <p>Access to the safe should be restricted to designated Senior members of staff only.</p> <p><u>Note to Audit Committee:</u></p> <p><u>This recommendation was not accepted, management response as follows:</u></p> <p><i>Not accepted.</i></p> <p><i>It would be impractical to implement this recommendation as senior staff are not on duty at all times and staff must be able to access monies in their absence. All monies used are recorded and receipts / petty cash slips provided. There is a limited amount of money secured within the safe.</i></p> |
| 5.1.5 Low | <u>Unofficial Fund</u> In Beddau and Bryndar, there are Unofficial Funds in existence. In Bryndar, the fund has not been used since a payment of £75.00 was made on the 21st July 2008 and | Management should consider whether or not to close each account in order to alleviate the extra administrative duties |

| SUMMARY OF RECOMMENDATIONS: | | |
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| REPORT REF. & PRIORITY | FINDING | RECOMMENDATION |
| | <p>since this date there has been a balance of £90.24.</p> <p>In Beddau, the fund has not been used since 2014 and there is a balance of £49.90.</p> | <p>associated with the running of each fund at the both Homes.</p> <p>If the accounts are closed, the remaining balances should then be used in an appropriate manner.</p> |
| <p>5.1.6</p> <p>Low</p> | <p><u>Purchase Card</u></p> <p>Although logs are maintained each time the Purchase Card is shared with other members of staff, they are not being maintained in the recommended format as included within the notes of guidance for purchase card holders.</p> <p>Currently the logs in use do not record the times the card is taken and returned.</p> | <p>On occasions where a member of staff require the use of the card, care should be taken to ensure that the formal signing in / out record includes the times the card is taken and returned.</p> |
| <p>5.1.7</p> <p>Low</p> | <p>Of the 4 Homes visited, only Nantgwyn Group Home still uses a manual / hard copy official order book.</p> <p>Discussions revealed that although the majority of their spend is via Petty Cash, they do not have a Purchase Card.</p> | <p>Management should consider introducing the Purchase Card in Nantgwyn Group Home. This will alleviate the need for the use of a manual / hard copy official order book and the Home will ensure it incurs expenditure through agreed contracts arranged by the Council.</p> |
| <p>5.1.8</p> <p>Medium</p> | <p><u>Food Stock Control</u></p> <p>Discussions at each Home identified that no food stock records are maintained. In addition, in the event of an item of food stock being 'written off' or disposed of, no record is made and a senior member of staff is not made aware of the disposal.</p> | <p>Stock records should be maintained for all food items received at each Home detailing the receipt, issue and remaining stock balances.</p> <p>In addition, before any item of food stock is disposed of, authorisation should be obtained from a senior member of staff who has</p> |

| SUMMARY OF RECOMMENDATIONS: | | |
|-----------------------------|---|--|
| REPORT REF. & PRIORITY | FINDING | RECOMMENDATION |
| | | <p>questioned the reason, and if appropriate, approved the write off.</p> <p>In this instance, a record of the disposal should be made on the food stock record and the senior member of staff should initial the record as authorised.</p> <p><u>Note to Audit Committee:</u></p> <p><u>This recommendation was not accepted, management response as follows:</u></p> <p><i>Not Accepted.</i></p> <p><i>For all food / stock purchased a receipt is provided and recorded.</i></p> <p><i>The ethos of each Children's Home is to provide a care environment which reflects a family home and we have endeavoured to move away from caring for young people in an 'institutional' environment.</i></p> <p><i>The level of monitoring and recording required to fulfil this recommendation would take away from care provision.</i></p> |
| 5.1.9 Low | <p><u>Inventory</u> Observations at each Home identified that items belonging to the Homes were not marked as property of the Homes.</p> | Where feasible, items (over a value determined at each Home) should be security marked as property of |

| SUMMARY OF RECOMMENDATIONS: | | |
|-----------------------------|---|---|
| REPORT REF. & PRIORITY | FINDING | RECOMMENDATION |
| | | the Home. NB. Following the Audit visit at one home, security marking pens were provided by the Local Community Police Officer. |
| 5.1.10 Medium | Discussions revealed that at 3 Homes, when items of equipment are disposed of, no formal record is made. Furthermore, where items are disposed of at these Homes, no authorisation for the disposal is obtained from a senior member of staff. | In the event of an item being disposed of, a formal record should be maintained at each Home to reflect this, stating the date, reason for disposal and the name of the responsible officer. |
| 5.1.11 High | <p><u>Children's Property</u></p> <p>It was brought to the attention of Internal Audit that 3 children placed at one Home are in receipt of disabled benefits. As such, the key worker for each young person is responsible for the safekeeping of their benefits in individual bank accounts opened up for this purpose.</p> <p>Examination of each of the young person's file identified the following:</p> <p>A. Receipts for expenditure are placed in a plastic pocket file, in no particular order. Letters and correspondence relating to the account were placed in the pocket file, in no particular order. No records of purchases made had been recorded to demonstrate the cash expenditure for cash withdrawals.</p> <p>B. An Income and Expenditure record was being completed, with a reducing balance. However, there was difficulty in identifying where the balance had been derived. For the sample period examined (December 2015 & January 2016), 2 occasions were noted whereby a receipt had not been obtained and the record only bore the signature of 1 member of staff to confirm the expenditure.</p> <p>C. All correspondence relating to the disability benefits is retained in an envelope. There is an income and expenditure record but the receipts and the log are not in order and it appears that the log has been completed retrospectively.</p> | <p>In order to protect the staff at the home, individual files should be set up on behalf of each child in receipt of any form of benefit.</p> <p>The file should be used to retain any bank statements or correspondence relating to the individual's benefits.</p> <p>A detailed record of expenditure should also be maintained within the file, with all items of expenditure being supported by a relevant receipt / invoice as proof of payment.</p> <p>Where, due to exceptional circumstances, it is accepted that such documents cannot reasonably</p> |

| SUMMARY OF RECOMMENDATIONS: | | |
|---|----------------|--|
| REPORT REF. & PRIORITY | FINDING | RECOMMENDATION |
| | | <p>be provided, the Key Worker must record the details of the purchase made on the expenditure form, which must be signed by the member of staff who incurred the expenditure and a senior member of staff who can verify the expenditure.</p> <p>These records should be subject to regular and independent review.</p> |

Audits from the 2016/17 Audit Plan

AUDIT NAME: COED Y LAN PRIMARY

DATE FINAL REPORT WAS ISSUED: 18TH JULY 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.

Coed-Y-Lan Primary School was last subject to an Internal Audit Review in May 2012; 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 2016/17.

The objectives of the review are:

- 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 income due to the Council is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate to 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 computers are restricted, that computer 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, this was devised using the draft template issued by the Council and has been updated to reflect the

School's requirements. It was presented and adopted by the Governing Body at their meeting held on the 7th September 2015; the Policy is scheduled for its annual review during September 2016. Training undertaken in respect of Safeguarding was evident with certificates present which confirmed that all staff received appropriate training relevant to their position. 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 confirmed that the control arrangements in place are generally sound. The Treasurer maintains detailed records and all income and expenditure transactions had an adequate audit trail. The account is regularly reconciled with income being banked promptly. This report recommends that a review of the appointed auditor/cheque signatory takes place along with an improved control in respect of the bank reconciliation process. All expenditure incurred is 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. The clerk should consider amending the process of preparing the cash book journals to agree to payments debited from the School's bank account.

Dinner money is updated to SIMS on a daily basis which is supported with a manual record of daily income received as well as class registers. Bankings are carried out weekly which is in accordance with the Council's recommended procedures. The School is following the prescribed policy to recover school meals arrears and details of outstanding monies are reported to Education Finance on a half termly basis. Testing identified that free school meals are only being provided to those for whom eligibility has been confirmed and retained.

The purchasing arrangements at the School are operating effectively overall. Two minor issues of non-compliance were identified; however this did not affect the level of assurance provided.

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 | <p>Review of the Bank History report revealed that currently the School Clerk is creating a cash journal for every individual purchase card transaction.</p> <p>It was also noted that there are delays between the actual date of the transactions being made (albeit recorded on the transaction log) and the date the cash book journals are being completed - delays up to two months were noted.</p> | An alternative method of preparing the cash book journal is to prepare a single cash book journal for the amount to be debited as per the Barclaycard bank statement which is received on a monthly basis. |
| 5.2.1 Low | <p>One of the named auditors for the fund is also a cheque signatory.</p> <p>This arrangement is not permitted as per the School Private Fund Regulations 2014 as auditors should be independent of the daily operation of the account.</p> | 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. |
| 5.2.2 Low | <p>Although it is acceptable to have the private fund ledger in electronic format there are certain requirements that must be in place.</p> <p>One of these requirements 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, thereby reducing the amount to print out. The copy of the ledger can then be used and retained with the bank statements for each monthly period.</p> | 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. |
| 5.3.1 Low | <p>A review of a sample of purchase orders identified the following:</p> <ul style="list-style-type: none"> • Order Number 4607150023 <ul style="list-style-type: none"> ○ Not signed by the Headteacher. ○ Raised after the goods were received. | <p>The School should ensure that all purchase orders are certified by the Headteacher or another authorised member of staff.</p> <p>The School Clerk should also ensure that where possible all purchase orders are raised prior to the receipt of goods or once a commitment to expenditure is known.</p> |
| 5.3.2 Low | <p>From a review of the delivery notes relating to the sample of purchase orders selected, it was identified that although there is evidence of goods being checked and the date delivery received recorded, none of the delivery notes were signed by the person taking receipt of the goods.</p> | The delivery notes should be signed and dated by the officer taking receipt of the delivered goods. |

AUDIT NAME: PENYWAUN PRIMARY

DATE FINAL REPORT WAS ISSUED: 27TH JULY 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.

Penywaun Primary was last subject to an Internal Audit Review in April 2013 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 years 2015/16 and 2016/17.

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 meals income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only 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, are 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 Penywaun Primary School is considered to be effective with opportunity for improvement.

There is a Child Protection Policy at the School which is reviewed annually. The School have adopted RCT's Staff Disciplinary procedure. Level 1 Safeguarding training was provided to the whole School on 9th November 2015. There was a certificate present and an attendance list; however when comparing the attendance list to the list of all staff from the Vision system, it was identified that only 21 of the 45 staff at the School were in attendance. The School's DBS record is up to date and all staff received their DBS clearance prior to commencing in post. All educational visits tested were appropriately

recorded and approved on Evolve.

When testing the School Private Fund income during the sample period, one instance was identified where income was not banked intact and the cash collected was used to reimburse a member of staff for paying the entrance fee on a visit (as the cheque was left at School). All other income examined during the sample period was appropriately recorded and banked. Receipts were located for each of the 32 School Private Fund purchases examined; however 3 of these purchases would have been more appropriately funded via the budget account.

The School Clerk maintains a Transaction Log to record all purchase card transactions and uses this to reconcile to the Barclays system on a monthly basis. Of the 10 purchases examined as a sample, 1 instance is considered an unnecessary expense (£55.95 on staff bouquets). There was also no receipt to support this purchase. Occasionally the purchase card is shared amongst staff and a log is maintained to record the details of this. No cash is withdrawn.

The school meals income collected and banked during the sample period was appropriate. Teachers record the number of meals required daily and pass this onto the School Clerk who then forwards the numbers on to the Cook. The School Clerk and Cook compare the expected number of meals to the actual number of meals weekly. The School Clerk has a robust system for pursuing school meal arrears and submits half termly arrears data to Education Finance. There were free school meals authorisations present for each of the 20 free school meals pupils examined as a sample.

5 purchase orders were examined as a sample. Each order was appropriately raised and authorised. Delivery notes are retained if they are received, if not, the details of the delivery are recorded on the copy order along with the details of the subsequent invoice.

The School is registered with the Information Commissioner and the certificate was viewed at the time of the review. The School Clerk undertakes daily back-ups of the system; however all copies are retained on-site. The School's inventory is not up to date and not all IT equipment is marked as property of the School. No equipment is taken off-site.

The most recent pupil numbers were obtained from Education Finance prior to the review. These numbers were compared to pupils listed on the class registers and no variances were identified.

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 | 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: <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</i> | The School should develop a central training record to demonstrate the date and level of attainment alongside individual staff names. |

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| | <p><i>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 in November 2015 along with a supporting attendance list, when comparing the attendance list to the list of staff obtained from the Vision team prior to the review, it was identified that not all staff were in attendance. (Only 21 of the 45 staff attended).</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> <p>All remaining staff should attend the next available training session for Level 1 Safeguarding.</p> |
| <p>5.2.1</p> <p>Low</p> | <p>Point 4.3 of the School Private Fund Regulations states: <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, 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>During the sample period (i.e. 25th January to 24th February 2016), one instance was identified where a teacher was given a cash reimbursement, using the cash collected for a trip.</p> | <p>As per the School Private Fund Regulations, all income received should be banked intact. If required, a separate cash float should be introduced to enable small disbursements to be made.</p> |
| <p>5.2.2</p> <p>Medium</p> | <p>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></p> <p>From examination of all expenditure since September 2015 (32 instances), the following occasions were identified where the expenditure was inappropriate from the School Private Fund:</p> <ul style="list-style-type: none"> • 24th February - cheque number 703103 - textiles / household items - £207.53. • 26th February - cheque number 703106 - textiles / household items - £114.00. • 22nd March - cheque number 703106 - materials for mud kitchen - £55.52. | <p>All expenditure from the School Private Fund should be in line with the Regulations.</p> <p>The items listed would have been more appropriately funded from the budget account, which will also allow any VAT included in the purchase price to be reclaimed.</p> <p>The School budget account should reimburse the School Private Fund for the full cost of these items.</p> |
| <p>5.3.1</p> <p>Low</p> | <p>An examination of Purchase Card transactions since September 2015 identified one purchase which could be considered an unnecessary / inappropriate expense:</p> <ul style="list-style-type: none"> • 28th March 2016 - Gwilim Florists for staff bouquets - £55.95. <p>There was also no receipt present to support this purchase.</p> | <p>Purchases such as that identified should, in future, be avoided.</p> <p>All potential expenditure should be subject to challenge by the Headteacher to ensure that the School can demonstrate value for money and that funds have been utilised in a prudent manner.</p> |

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| | | It should be ensured that receipts/invoices are retained for all purchases. |
| 5.4.1 High | Currently, the School Clerk undertakes back-ups on a daily basis, but none are kept off-site. | One of the back-ups should be held off-site. |
| 5.4.2 Low | Discussions with the School Clerk and Headteacher identified that the inventory is not up to date and not all IT equipment is marked as the property of the School. | All IT equipment should be marked as the property of the School. The School's inventory should be completed in full with immediate effect. |