

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2016/17

COMMITTEE:

AUDIT COMMITTEE

31st October 2016

Item No. 5
Finalised Audit Assignments 2016/17

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

Author: Marc Crumbie (Operational Audit Manager)

(01443) 680779

1. PURPOSE OF THE REPORT

This report provides Members with a summary of audit assignments completed between the period of the 1st September 2016 to the 17th October 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 the period of the 1st September 2016 to the 17th October 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.

3.3 Members will note that 5 audit assignments have been finalised in the period.

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

CORPORATE & FRONTLINE SERVICES

- ASBESTOS MANAGEMENT
- TREASURY MANAGEMENT

EDUCATION & LIFELONG LEARNING

- ABERDARE PARK PRIMARY
- HEOL Y CELYN PRIMARY
- YSGOL HEN FELIN

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 prior to the closure of accounts process for 2016/17.

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
31st October 2016

Report of the Group Director, Corporate & Frontline Services

Author: Marc Crumbie (Operational Audit Manager).

Item	File Ref:
6. Finalised Audit Assignments 2016/17	IA / MC
Contact Officer: Marc Crumbie Operational Audit Manager Bronwydd House Porth CF39 9DL Tel. No. (01443) 680779	

CORPORATE & FRONTLINE SERVICES**AUDIT NAME: ASBESTOS MANAGEMENT****DATE FINAL REPORT WAS ISSUED: 07/09/2016****INTRODUCTION**

The Control of Asbestos Regulations 2006 came into force in November 2006. These regulations brought together the three previous sets of Regulations covering the prohibition of asbestos, the control of asbestos at work and asbestos licensing.

In addition, these regulations included the 'duty to manage asbestos' in non-domestic premises, which include offices, schools and leisure centres. The regulations require the person who has the duty to undertake tasks which include to:

- take reasonable steps to find out if there are materials containing asbestos, and if so, its amount, where it is and what condition it is in;
- make and keep up-to-date a record of the location and condition of the asbestos containing materials or materials which are presumed to contain asbestos;
- prepare a plan that sets out in detail how the risks from these materials will be managed; and
- provide information on the location and condition of the materials to anyone who is liable to work on or disturb them.

SCOPE & OBJECTIVES

In accordance with the agreed Internal Audit Operational Plan for the Financial Year 2016/2017 a review of Asbestos Management was undertaken.

The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the control environment in respect of asbestos with the main objectives of the review being to ensure that:

- Contractors are reading the Asbestos Management Plans (AMPs) and completing Section 5 when they visit sites to undertake works.
- There are robust processes to monitor, manage and record asbestos at Council buildings.

AUDIT OPINION

Overall the control environment in respect of the management of asbestos in Council buildings is considered to be effective with opportunity for improvement.

Managing Asbestos

Detailed and comprehensive procedures are in place and the Corporate Estates Service has a dedicated team in place to oversee the Council's responsibilities. All Council sites have an Asbestos Management Plan (AMP) and they have been delivered to each site following surveys / inspections. Scheduled routine follow up inspections are undertaken periodically based on the asbestos risk rating given to the site.

AMPs are maintained and updated (if required) after every survey / inspection takes place. If there are changes to the AMP it is printed and delivered to the site managers whereby they are made aware of the AMP's content. For example, they are informed of where the asbestos is located on the site and instructed that the plan has to be provided to contractors prior to any works being undertaken.

Site Managers sign a delivery note to formally acknowledge receipt of each AMP they receive.

Site Visits

Contractors are required to review a site's AMP and sign Section 5 to acknowledge that they have read it and are aware of the location of any asbestos prior to undertaking any repairs / works. Management from the Corporate Estates Service also remind the contractors of this responsibility at monthly meetings (it is a standard agenda item).

A sample of 22 sites where repairs had been completed were visited during the audit fieldwork, contractors had not signed at 10 of the 22 sites.

Management at each site must ensure that the AMP is signed by contractors prior to works / repairs being undertaken and they need to consider how this can be best achieved at all times for all sites.

The implementation of the recommendations contained in this report should further improve the control environment.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 High	<p>Each Council site / building has an Asbestos Management Plan (AMP) which has been developed and delivered to each site manager by an asbestos project officer.</p> <p>Should asbestos be located in a building / at a site, each AMP highlights the asbestos identified and the AMP's contents are explained to each site manager.</p> <p>When a contractor visits a site to undertake works / repairs they should read the AMP and complete Section 5 (Diary of Works) to acknowledge they have read and understood the plan to indicate the works can be carried out safely.</p> <p>In some instances, the AMP will confirm the absence of any asbestos - in which case, the contractor is still required to request the document and sign the register.</p> <p>A sample of 22 sites where repairs had been undertaken were visited to establish whether the contractors had read the AMP and signed Section 5 - it was noted the AMPs had not been signed on 10 occasions (See Appendix A for list of sites, order numbers and date of works).</p> <p>Of the 10 sites it was established that the repairs took place at 6 schools during schools holidays which may have prevented access to the AMP.</p>	<p>All site managers should be reminded that the AMPs should be read and signed by all contractors.</p> <p>All contractors should be reminded that they should request the AMP and sign Section 5 to demonstrate they are aware of the position of the asbestos (if any) on the site.</p> <p>If works (planned or emergency) are undertaken during school holidays the contractors should still be able to access the AMP.</p> <p>Management working in conjunction with the site managers and contractors should consider the best method to enable the AMPs to be available to contractors prior to undertaking works.</p>

AUDIT NAME: TREASURY MANAGEMENT

DATE FINAL REPORT WAS ISSUED: 09/09/2016

INTRODUCTION

The Treasury Management Team undertakes the management and control of the Council's borrowing and investment function, a service delivered from within the Corporate and Frontline Services Group (Finance Division).

Effective management and control of risk is a prime objective of Treasury Management activity.

SCOPE & OBJECTIVES

In accordance with the Internal Audit plan for 2016/17, a review of Treasury Management 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 the Treasury Management Team. The objective of the review was to:

- Assess the standards set out in the self-assessment checklist and conclude on the adequacy and effectiveness of the controls actually operating.

AUDIT OPINION

Overall, the control environment in respect of Treasury Management is considered to be effective.

At the Full Council meeting held on 23rd March 2016, Members approved the Treasury Management Strategy, Investment Strategy, Prudential and Treasury indicators and the Minimum Revenue Provision (MRP) Policy Statement.

On the 20th July 2016, Council received the 2015/16 Annual Treasury Management Review that included the Council's Treasury Management activity during 2015/16 and the actual Prudential and Treasury Indicators for 2015/16. The report also proposed an amendment to the Investment Strategy for 2016/17 which Council approved.

The process developed to manage the Council's investments and borrowing is considered robust and effective.

For the sample selected it was established that low risk investments had been placed with either the Debt Management Office (DMO) or other Public Bodies, which was in line with the Treasury Management Strategy and all had been correctly authorised by an appropriate member of staff, based on the funds available each day from the general or superannuation bank accounts.

Examination of the loans book identified that entries had not always been entered in full. These issues were minor and considered to be housekeeping only, as other records supported the appropriate approval of transactions.

To date the Council has not taken out any new long term loans in 2016/17.

From September 2015, additional controls were introduced by the team in respect of New Beneficiary / Change of Beneficiary details. These controls include the completion of a Beneficiary Bank Detail Form and independent checks from the Barclay's Internet Banking Administrator to ensure that all Beneficiary details have been input and verified correctly. It was established that independent 'spot checks' have been undertaken in compliance with the procedure developed.

No Recommendations Made

EDUCATION & LIFELONG LEARNING
AUDIT NAME: ABERDARE PARK PRIMARY
DATE FINAL REPORT WAS ISSUED: 22/09/2016
<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>Aberdare Park Primary School was last subject to an Internal Audit Review in January 2012 and 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 2016/17.</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 Council's 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 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 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 meet the</p>

School's requirements. It was presented and adopted by the Governing Body in the meeting of 17th November 2015 and is scheduled for its annual review during November 2016. Training undertaken in respect of Safeguarding was evident with certificates present confirming that all staff have 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 all (receipted) expenditure incurred is solely for the benefit of the pupils. Minor compliance issues were noted in respect of the following:

- 3 payments were not supported with sufficient 'backing' documentation;
- Minor transposition errors were noted between the record of daily income and the fund ledger; and
- 3 cheques were not updated onto the ledger.

Implementing the recommendations within this report will help strengthen this area of administration further.

There was a sufficient audit trail in respect of Purchase Card transactions although it was reported that the Transaction Log is completed retrospectively on receipt of the bank statement rather than 'as and when' transactions occur. Transactions are not given a unique identifying reference number on SIMS or the transaction log.

Dinner money is updated onto SIMS on a daily basis which is supported with a manual record of daily income received as well as class registers. Bankings were carried out weekly in accordance with the Council's recommended procedures. The School stated that they were unaware of the 'referral' process (for school meal arrears) for parents who have exceeded the two week limit to be referred to Catering Finance for further recovery action as per the Arrears Recovery Protocol. Variances were noted in respect of cash / cheque amounts received and actually banked; it was reported that these variances were due to school meals monies being refunded to parents who were in credit. Whilst this is permitted, a note / explanation should be recorded on the system to identify those refunds. Testing identified that free school meals were only being served to those for whom eligibility had been confirmed and retained.

The latest self evaluation return submitted by the school indicates all key controls in relation to Purchasing, Budgetary Control, Data Security & Inventory and Petty Cash 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 Low	On review of the School Private Fund income records it was identified that there were some minor transposition errors between the record of daily income and the fund ledger. These were for small amounts with £1 being the largest difference.	Care should be taken to ensure that amounts are accurately transferred from the daily income record to the fund ledger.
5.1.2	A review of the expenditure incurred through the School Private Fund revealed three occasions where	The School should introduce the

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low	<p>no supporting documentation was present nor had they been listed on a 'Record of Expenditure Without a Receipt' pro-forma:</p> <p>100624 - £241.00 100625 - £130.00 100631 - £65.00</p> <p>It is acknowledged that two of these instances related to refunds given back to parents but these should have been recorded on the pro-forma and the parents and the Fund Treasurer could have signed to confirm the payment exchange.</p>	<p>Record of Expenditure Without a Receipt pro-forma to formally record and sign off any payments / purchases made where no supporting documentation i.e. receipts / invoices etc., have been obtained / received.</p> <p>The Record of Expenditure Without a Receipt pro-forma can be found at Appendix 8 in the School Private Fund Regulations.</p>
5.1.3 Low	<p>A review of the expenditure incurred through the School Private Fund identified three payments which had not been updated to the fund ledger:</p> <p>100634 - £66.67 100635 - £290.00 100627 - £199.75 (subsequently cancelled)</p>	<p>The Treasurer needs to ensure that details of all cheques issued are recorded in the ledger as soon as possible.</p>
5.2.1 Low	<p>A review of the purchase card records revealed that although a transaction log is used, it is updated retrospectively on receipt of the monthly Barclaycard bank statement rather than 'as and when' transactions occur as prescribed in the Procurement guidelines.</p>	<p>The School should use the Transaction Log to record all purchase card transactions 'as and when' they occur. This is then used as part of the reconciliation process when comparing to the Barclaycard bank statements.</p>
5.2.2 Low	<p>On review of the Bank History report and the Transaction Log it was noted that no unique reference numbers are allocated to each purchase card transaction.</p>	<p>The School should allocate each purchase card transaction with a unique reference number. This should be recorded against each transaction on the Transaction Log</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		and on the cash book journals prepared on SIMS - this will make identifying these transactions easier.
5.3.1 Low	On review of the dinner money records for the period May 2016, variances between the income totals on the system, the bank paying in book and the weekly banking returns were noted. Variances between cash and cheque totals on the system, the bank paying-in book and banking returns were identified in all four weeks reviewed. The Clerk confirmed that these variances were due to refunds being paid back to parents who are in credit with school meals; however this had not been identified / recorded on this system.	The School Clerk needs to ensure that weekly dinner money system totals reflect the actual income received and match those of the bank paying in book (and the weekly banking returns). Where the School facilitate refunds, a note should be made against the pupil's record that a refund has been paid back.
5.3.2 Medium	A review of the pupil arrears balances whilst at the school identified that there were 6 pupils with arrears exceeding the 2 week limit. The School Clerk indicated that she was unaware of the referral process that should be followed in these cases.	In accordance with the Arrears Recovery Protocol where high levels of arrears have accumulated the school should refer those cases to Education Finance for recovery action.

AUDIT NAME: HEOL Y CELYN PRIMARY

DATE FINAL REPORT WAS ISSUED: 15/09/2016

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.

Heol-y-Celyn Primary School was last subject to an Internal Audit Review in October 2012 and this is the third cyclical visit made to the school to examine progress made under the self-evaluation process.

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 Council's Procurement Service.
- To ensure that all school meals income is identified, received and collected in accordance with Council Policy, arrears are regularly reported and followed up and free meals are 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

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

The School has a Safeguarding and Child Protection Policy which is reviewed annually. Testing identified that all staff received the appropriate clearances before commencing duties in their posts.

Details of child protection training undertaken at the School during January 2014 was held on file however there have been staff changes since this date.

This report recommends all staff receive Safeguarding and Child Protection training as soon as possible.

The School uses the EVOLVE system to record details of off-site visits and in accordance with the document 'Planning and Approval Procedures for Educational visits', residential trips are entered onto the EVOLVE system within the correct timescales.

In terms of the School Purchasing system, the majority of purchases were being made using the School Purchase Card. There was a sufficient audit trail in respect of evidence being available that supports expenditure; however this review recommends that a Transaction Log is put in place to record the details of all purchases. Where the card is shared between staff a log is being maintained; however, further improvements can be made by also recording the times and signatures of staff.

Dinner money was updated onto SIMS and banked promptly. Overall, free school meals were being provided to those pupils for whom eligibility had been confirmed and retained; however testing identified that 1 pupil is currently listed as being entitled to free school meals even though eligibility had not been demonstrated.

The School is registered with the Information Commissioner and a copy of the registration is held at the school. Testing identified that the registration is in the name of the previous Headteacher. The recently appointed Headteacher should contact the Information Commissioner as soon as possible and request that the School's registration is up dated. Information held on the system is backed-up daily and confidential data is held securely.

A Management Committee has been established for the School Private Fund; however, in accordance with the School Private Fund Regulations, the School Private Fund should be managed by a Committee formed from school staff with two auditors to audit the accounts who must not occupy the post of Chairperson, Treasurer, Secretary or be a Cheque Signatory. A new Headteacher has recently been appointed and has accepted all of the recommendations within this report. Implementing the recommendations will further enhance the current levels of control.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 High	<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: <i>'Governing Bodies should ensure that the Headteacher and all 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>Although a certificate was held on file for training undertaken during January 2014, since this date there have been staff changes.</p> <p>Furthermore, while Level 3 Safeguarding training was reported to have been undertaken by 6 members of staff, there was no central, collated record of all training undertaken by staff.</p>	<p>As a minimum, Level 1 Safeguarding training should be arranged for all members of staff.</p> <p>For staff who have undertaken any other Safeguarding and Child Protection training, 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</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.
5.1.2 Low	The school staff list detailing staff DBS reference numbers was compared to the current list of staff employed at the school as provided by the VISION System. It was noted that there is one member of staff on the list who is no longer employed at the School. Additionally, the list does not include two members of staff who have recently commenced employment at the School. Testing identified that all staff received the appropriate clearances before commencing duties in their posts.	The School must ensure that where staff, permanent or casual, commence / terminate employment with the School, the school list is updated to reflect this.
5.2.1 Low	Although the School is registered with the Information Commissioner and a copy of the latest registration certificate is held on file, it was noted that the registration is in the name of the previous Headteacher who left the School in July 2015.	The Headteacher should contact the Information Commissioner as soon as possible and request that the School's registration is up dated.
5.2.2 Medium	The School Inventory list is currently not up to date. Observations made during the audit visit also identified that IT equipment is not marked up as property of the School.	A full inventory review of the School's assets should be completed immediately. Thereafter, an annual review should be carried out to ensure that the record is accurate and up-to-date. IT equipment should be security marked as property of the School.
5.3.1	A list of all pupils currently eligible for a Free School Meal was obtained during the audit fieldwork. The	For all pupils in receipt of free

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low	list was compared to the latest Free School Meals Schedule from Housing Benefits and supplementary notifications. It was noted that there is 1 pupil listed as being entitled to Free School Meals at the School despite no authorisation being received to confirm eligibility.	school meals, confirmation of eligibility should be held at the School. The School should liaise with the Council's Housing Benefit Service to confirm eligibility. If it is confirmed that the recipient of free school meals is not entitled, then the necessary arrears will need to be recovered.
5.4.1 Medium	Section 2.1 of the School Private Fund Regulations states that: <i>'The School Private Fund shall be managed by a committee formed from school staff. It must include a Chairperson, Treasurer and Secretary'.</i> Although a Management Committee has been set up, the Chairperson of the Fund is the Chair of Governors, who is not employed at the School. Additionally, section 2.2 of the School Private Fund Regulations 2012 states that: <i>'two auditors must be appointed to audit the accounts. They need not necessarily be members of staff, and they must not hold one of the aforementioned posts i.e. Chairperson, Treasurer, Secretary or be a Cheque Signatory'.</i> 1 of the Auditors of the Fund is also a named cheque signatory of the School Private Fund.	A new Management Committee should be established as soon as possible. Management should ensure that the appointments made relate to actual duties undertaken. The School Private Fund Regulations require that two independent auditors be appointed to audit the account. To ensure that the Auditors are independent of the administration of the account, they should not be signatories to the account.
5.4.2 Low	Section 3.1 of the School Private Fund Regulations states: <i>'Only one current and one deposit account is permitted'.</i> At the time of the fieldwork for this review, 2 current accounts were in place for the School Private Fund. It is accepted that this is as a result of a recent change in bank accounts and the balance held in the one account is only £9.00.	Arrangements should be made to close the old current account immediately with the closing balance of £9.00 paid into the new bank account.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.4.3 Low	<p>Examination of the School Private Fund transaction identified:</p> <ul style="list-style-type: none"> Income payment of £1,000 received on the 29th February in respect GPT funding which is yet to be transferred to the School budget account. 1 payment of £35.00 to the Information Commissioner on 17th June 2016 which is deemed outside of the scope of the fund. One occasion whereby £18.00 was withheld from income collected to refund trip money to a parent. 	<p>In accordance with 18.2 of the School Private Fund Regulations, money received in respect of the School Budget Account that is paid into the School Private Fund should be promptly paid over to the School Budget Account.</p> <p>The School Budget Account should be reimbursed with the £1,000 immediately, with details of the transaction clearly recorded on the School Private Fund records.</p> <p>Expenditure that falls outside the scope of the fund should be financed from the School Budget Account in future.</p> <p>All income received should be banked intact to ensure that it can be traced and reconciled to bankings.</p> <p>Alternative arrangements should be made in respect of making refunds to parents in future, i.e. all payments made by cheque.</p>
5.5.1 Medium	<p><i>Section 6 of the Cardholder Manual for School document issued by Procurement Services states that '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></p> <p>No Transaction Log is in place at the School.</p>	<p>A Transaction Log should be introduced for the Purchase Card.</p> <p>Details of all Purchase Card transactions should be promptly</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>Section 7 goes on to state that: <i>'Cardholders must check that the bank statements match those on the transaction log'</i>. Although the School Clerk advised Internal Audit that a reconciliation of the Bank Statement does take place, there is no evidence at the School to support the bank statements being reconciled.</p>	<p>updated onto the Transaction Log which should then be used to reconcile the bank statements upon receipt. The bank statements should be ticked, signed and dated to evidence the reconciliation taking place.</p>
5.5.2 Low	<p>Although a log is maintained each time the Purchase Card is shared with other members of staff, it is not being maintained in the recommended format as included within the notes of guidance for Purchase Card holders. Currently the log in use does not record the times the card is taken and returned, nor the signature of the member of staff accepting responsibility.</p>	<p>On occasions where a member of staff requires 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 together with the signature of the member of staff.</p>

AUDIT NAME: YSGOL HEN FELIN

DATE FINAL REPORT WAS ISSUED: 20/09/2016

INTRODUCTION

Ysgol Hen Felin is one of four Special Schools in Rhondda Cynon Taf. They cater for children with moderate, severe, profound and multiple learning difficulties.

To advance the education of the pupils, the School provide educational and recreational facilities with the aim of furthering the educational and life skills required in the life of the pupils.

The School is going through a period of change, whereby the former Headteacher has departed and an Acting Executive Headteacher has been appointed. Ysgol Hen Felin was previously subject to an Internal Audit review in June 2014.

SCOPE & OBJECTIVES

All fundamental financial systems operating at the School were reviewed with particular emphasis given to major sources of school income and expenditure, and activities relating to the operation of the School Private Fund.

Audit testing was carried out on transactions made during the 2015/16 and 2016/17 financial years to ensure that fundamental controls were present and were operating satisfactorily.

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 Council's Procurement Service.
- To ensure that all school meals income is identified, received and collected in accordance with Council Policy, arrears are regularly reported and followed up and free meals are 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 administration at the School is considered insufficient and requires improvement. Improvements are required in the procedures followed at the School where fundamental controls are not in place.

The School had only recently started to maintain a record of staff training in respect of safeguarding. There was no record at the school of staff who had been DBS checked (Note: Internal Audit has confirmed all staff working at the School have a DBS check). The School use the Evolve system to record and authorise planned trips; however the process in place does not lend itself to ensuring every trip/excursion is authorised beforehand and therefore it needs to be revisited.

The control environment in respect of the School Private Fund is considered insufficient and requires improvement. At the time of the fieldwork, the former Headteacher remained as Chairperson and a signatory for the fund. Income is not being recorded as and when it is received and there are a limited number of bankings made. Additionally, records maintained for trips/fundraising activities were poor and not in line with the requirements as set out within the School Private Fund Regulations.

The School do not have a Financial Procedures document. It was found that all orders are raised in the manual order books after receipt of the relevant delivery or invoice.

There are two purchase cards in use at the School. Both cards are used frequently and there were receipts / confirmation present for each transaction examined during the sample period. However it was found that the Transaction Log for the Training Centre's purchase card is completed in retrospect. Additionally, card details have been stored on websites, whereby purchases are being made without the purchase card.

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 High	Audit fieldwork found that at the time of audit, there were 39 unauthorised trips/excursions on Evolve. The two authorisers are sharing a login and password for Evolve. Also, the practicalities of having two authorisers (one of which is not based at the school) is not considered appropriate as they would not know if one or the other had authorised a trip prior to it taking place.	The School should reconsider who their EVC Co-ordinator is on the basis that the current member of staff responsible is not based in the School on a day to day basis. Additionally, the School should identify just one authoriser, to ensure they are fully responsible for authorising all trips/excursions. It should be ensured that the authorisation of school trips via Evolve is evident prior to the visit

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		taking place.
5.1.2 High	<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: <i>'Governing Bodies should...ensure that the all 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>It was established that there is no central training record at the School that details the members of staff trained, dates and at what levels.</p> <p>The Deputy Headteacher confirmed that there had recently been 17 members of staff who undertook Level 1 Safeguarding Training and 4 staff who undertook Level 3 Safeguarding Training. These were evidenced by way of an attendance register. However, these registers have not been used to establish a central training record.</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>
5.1.3 Medium	<p>There is no record maintained at the School of all staff and volunteers who have been DBS checked. It is noted that the Acting Executive Headteacher held a copy, which he had obtained from the Council's Human Resources Service, but this was for work he is undertaking and not a School copy.</p> <p>Examination of the current staffing list obtained from Human Resources established that there were 5 individuals still on the current staff list that should not be. These being: -</p> <p>Employee A - Casual Teaching Assistant (Level 2) - Had not worked at the School for over 2 years.</p> <p>Employee B - Casual Teaching Assistant (Level 1) - Never started work at the School.</p> <p>Employee C - Casual Teaching Assistant (Level 1) - Never started work at the School.</p> <p>Employee D - Casual Teaching Assistant (Level 1) - Has not worked at the School for at least a year.</p> <p>Employee E - Casual Teaching Assistant (Level 2) - Had not worked at the School since before December 2015.</p> <p>Internal Audit has confirmed that all staff working at the School have a DBS check.</p>	<p>A record of all DBS checks undertaken for staff and volunteers should be maintained and held at the School. This should detail their names, reference number and date of check.</p> <p>The Headteacher should review the current staffing list with Human Resources and ensure any staff no longer employed by the School are removed.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.1 High	<p>The following was noted in respect of the School Private Fund arrangements: -</p> <ul style="list-style-type: none"> • The School did not have a copy of the latest School Private Fund Regulations. • The previous Headteacher is still the appointed Chairperson of the School Private Fund. • 2 of the 4 cheque signatories no longer work at the School. 	<p>The School should obtain a copy of the latest version of the School Private Fund Regulations (dated September 2014).</p> <p>Copies of the Regulations should also be provided to all members of the Fund Committee and the two appointed auditors.</p> <p>The School needs to appoint a new Chairperson for the School Private Fund.</p> <p>The School should seek to amend the panel of signatories for the School Private Fund, ensuring the signatories are current members of staff and also not auditors for the fund.</p> <p>A copy of the new mandate should then be retained at the School.</p>
5.2.2 Medium	<p>The School Clerk maintains an electronic ledger (Excel) and this is in an appropriate format. However, it is not up to date with the latest transactions; the last transaction up dated was 9/6/16 although there had been transactions since this date.</p> <p>Additionally, it is not printed, reconciled, signed and dated each month in line with the School Private Fund Regulations.</p>	<p>All income and expenditure transactions should be recorded on the School Private Fund Ledger as and when they occur.</p> <p>In line with Appendix 2 (Point 1.2) of the School Private Fund Regulations, the electronic ledger should be printed each month, reconciled to the bank statements</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		and signed and dated by the person undertaking the reconciliation.
5.2.3 Medium	<p>Point 4.5 of the School Private Fund Regulations states: <i>'Income must be banked in accordance with Rhondda Cynon Taf County Borough Council banking regulations, which at present require that all money is banked weekly where £50 or more is collected, or immediately where the amount in hand reaches £200'.</i></p> <p>Since September 2015, large amounts of cash and cheques had not been banked promptly, with there only being 8 bankings made, which totalled £24,067.90.</p> <p>The Treasurer explained this can be partly attributed to there being no local bank to make regular bankings.</p>	In accordance with the School Private Fund Regulations, income should be banked regularly to ensure cash held at the School is kept to a minimum.
5.2.4 Medium	<p>Point 1.3 of the School Private Fund Regulations states: <i>'The fund should benefit the pupils or the school. The Private Fund must not be used to pay for goods or services that ordinarily would be funded from the school's delegated budget'.</i></p> <p>Two compliance issues were noted in respect of School Private Fund expenditure:</p> <ul style="list-style-type: none"> • 7/9/15 - Air Conditioning Unit - £200 <ul style="list-style-type: none"> ○ This item also did not have an appropriate receipt present to support the expenditure. • 9/2/16 - Room Hire Xmas Ball - Pentre C Club - £50 - which also had no receipt present. 	<p>All expenditure should be in line with the School Private Fund Regulations.</p> <p>All items of expenditure should be supported by a receipt or invoice. Where one is unavailable, a PF2 form (Record of expenditure made without receipt) should be used. (A recommended format for this record is included at Appendix 8 in the School Private Fund Regulations).</p>
5.2.5 Medium	<p>Section 9.2C of the School Private Fund Regulations states that: <i>'The trip organiser must maintain a record of all monies received. This should include the name, the amounts received, the date received and the date it was deposited with the Treasurer. This must be a</i></p>	The School should establish a standard trip procedure, with a suite of proformas to be used when

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p><i>permanent and legible record</i>'. Audit testing confirmed there were inconsistencies in the level of detail recorded by teachers for trips. In most cases, there were no records maintained by teachers, with income passed to the School Clerks but no details recorded of amounts and dates handed over. It was also identified that the Record Of Daily Income form for the School Private Fund is not being updated as and when income is received.</p>	<p>organising and administering a trip. Teacher records should detail pupil name, amounts paid and dates of payment. It should also be evident when the income has been passed to the Treasurer for banking and that this has been done in a timely manner. When this income is handed over to the Treasurer, the Treasurer should ensure their Record Of Daily Income form is updated immediately.</p>
5.2.6 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 which must be reconciled to the ledger'</i>. The Fund Treasurer stated that Statements of Accounts are not prepared at the conclusion of any School trip.</p>	<p>A statement of account should be prepared detailing income received and expenditure incurred at the conclusion of each trip and passed to the Fund Treasurer for retention. The statement should be signed and dated by the trip organiser as confirmation of the amounts involved.</p>
5.2.7 Medium	<p>Whilst some bank statements show evidence of reconciliation (i.e. ticks) many do not and also they are not signed and dated as evidence of who undertook the review.</p>	<p>Each bank statement should demonstrate evidence of reconciliation and should be signed and dated by the person undertaking the reconciliation.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.3.1 Medium	<p>The School does not have a Financial Procedures document. The following issues were also noted in respect of the School's purchasing arrangements: -</p> <ul style="list-style-type: none"> • The School Clerk raises a purchase order for all invoices, whether the invoice is for an item ordered or a non-order invoice e.g. utilities. • All orders had been raised after receipt of the invoice, even though a prior request would have been made. • Orders show no evidence of being checked to delivery notes/invoices. • Copy orders are not attached to the relevant invoice/delivery notes. 	<p>The School need to devise a Financial Procedures document.</p> <p>To avoid additional work, invoices for non-orders e.g. utilities, should be paid via the School Purchase Card where possible. If the School is unable to use the Purchase Card, there is no requirement to complete the Official Order Book for these types of invoices.</p> <p>Where a prior request is made for goods / services, an order should be raised in the first instance. If an order was placed via telephone, an order should be raised as soon as possible thereafter.</p> <p>Once the goods / services are received, the delivery note should be checked against the original order to ensure that the goods received agree to what was originally ordered. The order and delivery note should demonstrate evidence of this check (e.g. items ticked) and the delivery note should be signed and dated by the person undertaking this check.</p>
5.4.1	There has been no limit delegated to the Headteacher for the approval of budget virements.	The Governing Body should

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
High	Additionally, any virements made are not formally documented and approved.	delegate an approved virement limit to the Headteacher to enable the Headteacher to make adjustments to the School's budget, as required, in line with the limit set down. A record should be retained at the School of any budget amendments using a Virement Form.
5.5.1 Low	A Record of Daily Income (RODI) is being completed for pupil meal income. However, no record is maintained for staff meal income.	All income should be recorded on the RODI as and when it is received to ensure that all income is properly accounted for.
5.6.1 High	There are currently two purchase cards used: one for School purchases and the other for Training Centre purchases. The purchase cards are administered separately by the two School Clerks and there are varying processes in place for administering each purchase card. It was established that there is no independent check of purchase card transactions and records, with the School Clerks responsible for purchasing, inputting and authorising all purchases. It was also established that the card details for the Training Centre are saved onto Amazon, whereby staff are making purchases using the saved details and not obtaining the purchase card to make them. Additionally, the Transaction Log for the Training Centre's purchase card is only being updated on a monthly basis, not 'as and when' transactions occur.	The School should consider using only one purchase card and this then being administered by one School Clerk. This will provide improved control over expenditure made by the School and Training Centre. Staff should ensure card details are not saved on websites. A senior member of staff should regularly review and authorise all purchase card transactions to ensure they are appropriate to the School. The Transaction Log should be updated as and when purchases

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		are made. The purchases recorded on the Transaction Log should then be reconciled to the Barclays system to ensure that all purchases correspond.
5.7.1 Medium	There is no I.T. Policy at School for staff that includes information on safeguarding School software / data, back-ups etc.	The School should devise an IT Policy that includes information on safeguarding School software / data, including anti-virus software, and detailing the procedure for undertaking and retaining back-ups.
5.8.1 Medium	There is no up to date inventory at school.	A full School inventory review should be completed immediately. Any new assets / disposals should be recorded on the inventory as and when they occur.