

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2016/17

COMMITTEE:

AUDIT COMMITTEE

23rd January 2017

Item No. 4
Finalised Audit Assignments 2016/17

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 the period 23rd November 2016 and 9th January 2017.

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 23rd November 2016 and 9th January 2017.

3.2 Members will note that 4 audit assignments have been finalised in the period.

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

EDUCATION & LIFELONG LEARNING

- ABERDARE COMMUNITY SCHOOL;
- CORPORATE GOVERNANCE IN PRIMARY SCHOOLS;
- HAFOD PRIMARY SCHOOL; and
- PORTH INFANTS SCHOOL.

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

23rd January 2017

Report of the Group Director, Corporate & Frontline Services

Author: Marc Crumbie (Operational Audit Manager).

Item	File Ref:
4. Finalised Audit Assignments 2016/17	IA / MC

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APPENDIX 1 – FINALISED AUDIT ASSIGNMENTS

EDUCATION & LIFELONG LEARNING
AUDIT NAME: ABERDARE COMMUNITY SCHOOL
DATE FINAL REPORT WAS ISSUED: 05/01/2017
<p>INTRODUCTION</p> <p>Aberdare Community School is an 11-18 English Medium School which opened in September 2014. There are 1,361 pupils on roll, of which 242 are in the sixth form.</p> <p>The proportion of pupils entitled to free school meals currently stands at 26.45%.</p> <p>The total budget for the School in financial year 2016/17 is £5.9m.</p>
<p>SCOPE & OBJECTIVES</p> <p>All financial systems in operation were considered and an assessment carried out in consultation with the Acting Headteacher, Finance & Support Services Manager and Chair of Governors to identify those areas representing the highest risk to the School, and therefore necessitating review.</p> <p>On the basis of this assessment, audit testing was carried out on the following areas of administration:</p> <ul style="list-style-type: none"> • Governance; • Safeguarding; • School Private Fund; • School Income; • Purchase Card; and • Purchasing.
<p>AUDIT OPINION</p> <p>Overall, the control environment in relation to the School's financial and governance arrangements is considered to be effective with opportunity for improvement.</p> <p><u>Governance</u></p> <p>The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body and its sub committees have the requisite number of members; however, it was noted that one Pupil Disciplinary meeting was not quorate.</p> <p>Although a Register of Business Interests is in place at the School, no declaration was present for the Acting Headteacher and 4 Governors. All statutory policies were present; however, it was not evident that any of the policies had been presented to the Governing Body for endorsement.</p> <p><u>Safeguarding</u></p>

It was established that Level 1 training was provided to the whole school on 1st September 2016 although 33 members of staff were not/unable to attend and as such have yet to receive the update. All staff received the appropriate clearances before commencing in their post and a record of DBS information was available at the School.

It was noted that payments were made to 6 individuals in respect of music tuition. Although it was evident that a HMRC questionnaire was completed in respect of one tutor and an ESI reference number was obtained, no HMRC questionnaire was completed for the other 5. This report recommends that a HMRC employment status check be undertaken for the other 5 music tutors immediately.

While the School use the Evolve system, 1 sampled trip had not been updated and authorised within the required timescales. All trip organisers should be reminded to collate and submit their trip information to the Educational Visits Co-ordinator promptly and in accordance with procedures.

School Private Fund

There is one current account in operation that currently holds a significant balance. In accordance with the School Private Fund Regulations, a deposit account should be opened immediately. At the same time, arrangements should be made to update the bank mandate and appoint additional cheque signatories for the account. At the time of the audit visit, there was only one person at the School able to sign cheques resulting in some cheques being pre signed.

There is money being held in the School Private Fund which is in respect of the Friends of Aberdare Community School (the PTA account); this is in contravention of the School Private Fund Regulations and therefore alternative arrangements should be sought by the PTA to hold / manage their money immediately.

Audit testing has highlighted a need to promote consistency amongst teaching staff in relation to the maintenance and retention of School Trip records. Whilst School trip records adequately documented pupil names and their contributions, dates of payments were not recorded despite a standard proforma being in place at the School.

It was also noted that although Statement of Accounts are drawn up at the conclusion of every school trip, a review of some completed trips identified surplus balances had accrued, for example, £170 on one trip. This report recommends that the trip records be reviewed to ensure that all income and expenditure has been properly accounted for, and if the surplus is confirmed, then action should be undertaken to determine how the surplus should be treated.

School Income

Testing of the School Income system identified that whilst there is an established process in place for School lettings, the current Charging Policy is not comprehensive and inconsistent charges are being applied that may not account for VAT correctly. This report recommends that the Charging Policy be updated in accordance with the findings highlighted.

There is no segregation of duties between the raising of invoices and receipting of income to the corresponding invoice. While it was noted that prior to the income being entered onto SIMS, a countersignature from the Office Manager is obtained, the same member of staff is responsible for undertaking the Bank Reconciliation of the School Budget Account. This report recommends that the person responsible for raising invoices should not be the same person who is subsequently responsible for matching and receipting the income received to the outstanding invoice.

Purchasing

Systems established in respect of the School Purchasing system were generally robust in that Budget Holders authorised internal order requisitions prior to

any official order being placed on SIMS.

For the 10 completed purchase orders examined, all had been raised using SIMS prior to the goods / services being received and all included full details of the order and estimated costs. Notwithstanding this, 3 orders did not show any evidence of a formal delivery check. In addition, out of 10 non-order payments examined, 2 should have been raised as an official order as a prior request would have been made for the services received.

A number of outstanding orders were identified on SIMS, the oldest dating back to December 2015. This report recommends that outstanding orders be reviewed on SIMS on a regular basis to allow corrective action to be taken (if necessary).

Purchase Card

The School have two Purchasing Cards. There was a sufficient audit trail in respect of all Purchase Card transactions; however, only one transaction log is being maintained which collectively records details of all purchases. This report recommends that a separate Transaction Log be maintained for each Purchase Card and the supporting receipts retained separately.

Implementation of the recommendations contained within this report will further enhance the levels of control at the School.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 High	A circular was issued to all schools from the Temporary Director of Education and Lifelong Learning on 17th November 2015 regarding employment status and how to identify an entity as an employee or self-employed. Following the completion of a questionnaire on the HMRC website, should the entity be regarded as an employee, then the entity should be paid via the Council's payroll system. Examination of the Bank Account History Report identified that payments are being made to 6 music tutors. Testing at the School identified that a whilst a HMRC questionnaire was completed in respect of one tutor and an ESI reference number was obtained, no HMRC questionnaire was completed for the others (as it was assumed they would all be the same).	Before the School engages with an entity for the provision of services, the HMRC employment status check should be undertaken for all individuals using the HMRC Employment Status Indicator (ESI) tool. A HMRC employment status check should be undertaken for the 5 music tutors immediately, with evidence of each check retained at the School.
5.1.2 High	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 all staff and volunteers who work with children undertake</i>	As a minimum, Level 1 Safeguarding training should be arranged for the 33 members staff

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p><i>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 it was established that Level 1 training was provided to the whole school on 1st September 2016, it was noted that 33 members of staff did not receive the training (comprising 16 members of staff and 17 casual examination invigilators).</p>	<p>that were not present on 1st September 2016 as soon as possible.</p>
5.1.3 Low	<p>The 'Planning and Approval Procedures for Educational Visits' states that residential visits/adventure activities must be 'planned and approved using the EVOLVE system at least 28 days before visit'. From a sample of 3 trips examined, 1 trip (to the White Water Rafting Centre) was not entered onto EVOLVE and subsequently authorised until the day before the trip was taking place:</p> <ul style="list-style-type: none"> • Date of visit - 28.9.16. • Date EVOLVE form created - 27.9.16. • Date EVOLVE form approved by EVC and LA - 27.9.16. 	<p>Care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct time-scales.</p>
5.2.1 Medium	<p>Section 2.9 of the Scheme for Financing Schools states that: <i>'Governing bodies are required to establish a register of business interests...which lists for each member of the governing body and the Head Teacher any business interests they or any member of their immediate family have. The register must be kept up-to-date by notification of changes from governors and the Head Teacher, and through an annual review process'.</i></p> <p>Although a register has been established, no declaration was present for the Acting Headteacher and 4 Governors.</p>	<p>A declaration for the Acting Headteacher and 4 Governors should be completed immediately.</p>
5.2.2 Medium	<p>Part 9 56(2) of the Government of Maintained Schools (Wales) Regulations 2005 states: <i>'The Pupil Discipline and Exclusions Committee must consist of either three or five governors, but must not include the Headteacher.'</i></p> <p>Examination of the Pupil Disciplinary Committee minutes for 19th March 2015 identified that the meeting was not quorate; 4 governors attended the meeting.</p>	<p>The School is reminded that the Pupil Disciplinary Committee must consist of either 3 or 5 Governors for decisions to be quorate.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.3.1 Medium	The School Private Fund Ledger is in a manual format and is updated as and when financial transactions take place. Payments are detailed on one page and receipts for income are detailed on another page. There is no provision for a running balance of the account to be recorded.	All expenditure transactions should be clearly recorded against any income received for the same period. The account balance should also be recorded in the ledger and updated following each transaction. This will ensure that an up to date record is always available at the School and allows reconciliation to take place with the bank statements upon receipt.
5.3.2 Low	Section 3.2 of the School Private Fund regulations states: <i>'Where surplus balances in excess of £10,000 accrue, these should be transferred into an interest-bearing deposit account'.</i> At the time of the fieldwork for the review, the balance on the School Private Fund account was in excess of £10,000. There is no deposit account in operation.	In accordance with the School Private Fund Regulations, the School should open a deposit account at the earliest opportunity. Where any large balances accrue for any length of time, these should be transferred into the interest bearing deposit account.
5.3.3 Medium	Examination of the School Private Fund Account identified that income and expenditure transactions in respect of the Friends of Aberdare Community School (PTA) had been processed. Discussions with the Fund Treasurer revealed that the School Private Fund Account is being used for PTA money until a PTA bank account is set up. Note: The School Private Fund Treasurer is keeping a separate record of the Income received /	PTA monies should be maintained entirely separate from the School Private Fund as required by the School Private Fund Regulations.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	expenditure incurred by the PTA.	
5.3.4 High	<p>At the time of the Audit review there were 3 pre-signed cheques present in the chequebook.</p> <p>It was established that only one of the three named cheque signatories on the account is presently in School, restricting the School's ability to process cheque payments.</p>	<p>The practice of pre-signing a 'stock' of cheques should cease with immediate effect as payments are not subject to the same level of review.</p> <p>The School should update the current signatories to the School Private Fund account.</p> <p>Once the panel of signatories has been updated as required, a copy of the bank mandate should be retained at the School for reference purposes.</p>
5.3.5 Medium	<p>Of the 4 trips examined, it was noted that when income is passed over to the Fund Treasurer, the Trip Organiser signs the income sheet and the Treasurer signs the income sheet as received.</p> <p>The Trip Organiser does not obtain a receipt and neither were records marked to demonstrate that income has been passed over to the Fund Treasurer.</p> <p>Similarly, the Trip Organiser does not provide pupils with a receipt for any payments made (unless specifically requested) and neither were payment cards provided to pupils when paying for larger trips in instalments.</p>	<p>All Trip Organisers should obtain an official receipt from the Fund Treasurer when income is handed over for deposit. The receipt should be retained and attached to the trip records.</p> <p>Furthermore, it should be ensured that payment cards are formalised and distributed to all pupils who are paying in instalments for School Trips. This will ensure that a formal record of payments made by pupils</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		is held by pupils which will assist parents / School staff in the event of a dispute over balances paid / owed.
5.3.6 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 permanent and legible record.'</i></p> <p>Although a formal record of daily income sheet has been provided to trip organisers, of the 4 trips examined, these sheets were not utilised. Instead, trip organisers recorded the amounts paid by pupils on an excel spreadsheet; however, the dates that income is collected were not being formally recorded.</p>	<p>In accordance with the system intended at the School, it is essential that the standard trip proformas in place should be utilised by all trip organisers when organising and administering a trip.</p> <p>All staff should be reminded that when income is collected, all records should detail the pupil name, amounts paid and dates of payment. It should also be evident when the income has been passed to the Treasurer for banking.</p>
5.3.8 Low	<p>Section 9.2B of the School Private Fund Regulations states that : <i>'Trips must not be run as profit making ventures. However, where a trip has been operated and makes a profit, the balance must either:-</i></p> <ul style="list-style-type: none"> <i>i) be divided equally and paid back to each paying pupil</i> <i>ii) be retained by the Private Fund, providing that consent of the parents has been given'.</i> <p>Examination of the Statement of Account for the Barcelona trip identified a surplus balance of £170. Small surplus balances were also noted on the Glanllyn / Llangrannog trips (£59.50) and Jazz 2015 (£34.00).</p> 	<p>Action should be taken as per the School Private Fund Regulations outlined to determine the treatment for the surplus balances.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.4.1 Medium	<p>Section C - of the Locally Administered Funds (LAF) guidelines states: <i>'General Income</i> <i>To ensure that all income is accounted for, it should be recorded immediately it is received.</i> <i>The Record of Daily Income should denote the value of cash and cheques within the collection, and should be signed by the persons involved in handing over and receiving the money.'</i></p> <p>During the sample period of April 2016, 4 instances were noted where the income received had not been recorded on the Record of Daily Income.</p>	All income received should be recorded on the Record of Daily Income upon receipt.
5.4.2 Low	<p>Examination of the Bank Paying in Book revealed that cheque details are not individually listed on the Bank Paying in Slips.</p>	When depositing cheque income it should be ensured that a record has been made on the Paying in Slip, showing for each cheque, the name of the drawer, nature of the income and amount. This should be totalled to agree with the total of cheques banked.
5.4.3 Medium	<p>The School has developed a Charging Policy which is available on the School website together with a booking form for the hire of facilities at the School.</p> <p>Examination of these documents identified the following issues:</p> <ul style="list-style-type: none"> • The Booking Application form does not include provision for the applicant to state whether or not any equipment hire is required; hence there is uncertainty as to whether or not hirers have been / are being correctly charged in line with VAT guidelines. • The Charging Policy states <i>'payment will be required within 21 days of receipt of invoice. If the invoice is not paid within 21 days a letter will be sent out with a further 7 days notice of payment deadline'</i>. <ul style="list-style-type: none"> ○ At the time of the review, 3 invoices that were raised in August and September amounting to £897.00 remained outstanding and had not been marked to evidence any recovery action taking place. 	<p>The School should update its Charging Policy.</p> <p>All hires should be charged at the rates agreed. There should be no exceptions / discretions, unless stated clearly within the School Charging Policy.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<ul style="list-style-type: none"> From a sample of 5 invoices examined, 2 invoices were noted to have been charged in contravention of the Charging Policy. Discussions at the School revealed that in both cases, the rate had been applied following a discretionary agreement made by the Headteacher. 	
5.4.4 Medium	<p>The Finance Director uses SIMS to generate all Sundry Debtor invoices. However, this officer is also responsible for receipting the subsequent income onto SIMS. Although it was noted that the Office Manager countersigns the income being entered onto SIMS, the income is 'matched' by the Finance Director who is also responsible for undertaking the Bank Reconciliation of the School Budget account. Furthermore, the roles and the responsibilities of the staff members involved within the School Income system are not clearly defined within the School Financial Procedures document.</p>	<p>The person responsible for raising invoices should not be the same person who is subsequently responsible for receipting the income received to the outstanding invoice and undertaking the bank reconciliation exercise.</p> <p>The School Financial Procedures document should be updated to reflect this.</p>
5.5.1 Low	<p>10 completed Purchase Orders were chosen for examination and of these 3 orders did not show any evidence of a delivery check.</p>	<p>Individual items on the delivery notes should be marked to indicate that they have been agreed to the actual goods ordered and goods received.</p> <p>The delivery note should be signed and dated as evidence of when and by whom this was undertaken.</p>
5.5.2 Low	<p>A sample of 10 non-order invoice payments were examined. Of the 10, it is likely that a prior request would have been made for the services provided for 2 payments and consequently official Purchase Orders should have been raised on SIMS.</p>	<p>The School is reminded that the Non Order Payment facility should only be used for processing payments such as utility bills and maintenance contracts. It is</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		imperative that an official purchase order (confirmation if made by telephone) is raised on SIMS as soon as a commitment to expenditure is known at the School. This will ensure that the budgetary information on SIMS is as accurate as possible, has been authorised in the correct manner and that there is a hard copy of the order at the School, which can be checked against the subsequent delivery note/invoice.
5.5.3 Low	<p>A report of outstanding Purchase Orders was obtained from SIMS.</p> <p>A number of orders outstanding dating back to December 2015 were identified. Examples include:</p> <ul style="list-style-type: none"> • 4703150340 - 1.12.15 - order not on file • 4703160013 - 19.4.16 - order not on file • 4703160016 - 20.4.16 - order not on file • 4703160049 - 16.5.16 - there is a delivery note on file and there is no reason for non-payment stated. • 4703160098 - 22.6.16 - paid via the Purchase Card. • 4703160103 - 23.6.16 - there is a balance outstanding on the order <p>Examination of the pending order file revealed little meaningful evidence of a regular review.</p>	<p>Pending orders should be reviewed on SIMS on a regular basis (i.e. half-termly) and a note made on the copy order to confirm the same. This will allow outstanding orders which are no longer required to be identified at an early stage and corrective action taken, to either release the money back into the budget for other purposes or allow the goods to be re-ordered with an alternative supplier if they are still required. Evidence of "chase up" should be produced when records are requested.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		In respect of order number 470316**** which has been paid using the School Purchase Card, arrangements should be made to cancel the order immediately.
5.6.1 Low	There are 2 Purchase Cards at this School, a card for the Finance Director and a card for the Office Manager. Although both members of staff have responsibility for their own cards, only one Transaction Log detailing all card purchases is being maintained and receipts to support expenditure are held together.	A separate Transaction Log should be maintained for each Purchase Card held at the School and the supporting receipts retained separately. Details of all Purchase Card transactions should be promptly updated onto each Transaction Log. The Transaction Logs should then be used to reconcile the Bank Statements upon receipt.

AUDIT NAME: CORPORATE GOVERNANCE IN PRIMARY SCHOOLS

DATE FINAL REPORT WAS ISSUED: 20/12/2016

INTRODUCTION

The School Support and Improvement Division of the Education and Lifelong Learning Group Directorate provide various support services, including governance arrangements, which schools can access via service level agreements (SLAs). The service is delivered operationally by the School Organisation Manager, reporting to the Temporary Director of Education and Lifelong Learning via the Head of 21st Century Schools.

The methods and mechanisms of governance of schools is prescribed largely by statute and set out in the School Standards and Framework Act 1998 and the School Government Regulations 2005. Changes to the statute are set out in the Government of Maintained Schools (Wales) 2005 (amended 2016) and Staffing of Maintained Schools (Wales) Regulations 2006 (amended 2009). Guidance for school governors, to the legislative framework within which schools operate, is given in the Welsh Government's publication - 'School Governors - Guide to the Law'.

Each school is responsible for the implementation of robust governance arrangements in accordance with the Regulations.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for financial year 2016/17, as agreed by Audit Committee, a review of governance arrangements was undertaken. Audit testing was carried out to ensure that fundamental controls are present and operating satisfactorily.

The primary purpose of the review was to provide management with an opinion on the adequacy and effectiveness of the internal control system in relation to governance arrangements in Primary Schools. The objectives of the review were to ensure that:

- Governing bodies are constituted appropriately and their meetings (including committees) convened and conducted appropriately;
- Reports are appropriate and provided in a timely manner to allow governors to make informed decisions; and
- Registers of Governors' Interests are being maintained.

AUDIT OPINION

The overall control environment in relation to Corporate Governance in Primary Schools is considered to be effective with opportunity for improvement.

Audit fieldwork focussed on the corporate governance arrangements within a sample of schools and the corresponding service provided by the Governor Support Service. The processes and documents in place were reviewed from January 2015.

Testing was undertaken to ensure that governing bodies and committees are constituted appropriately and are quorate, meetings are held at appropriate intervals, declarations are completed and agendas, minutes and signing in sheets are retained and in the correct format. Checks were also undertaken to ensure that register of business interests are completed, policies are retained and information provided is consistent.

- Only 1 School was found to have a full complement of signed minutes at the School, whilst for another School, minutes of meetings were not initialled on each page, as required by the Government of Maintained Schools (Wales) Regulations 2005.
- 1 School had a vacancy on the governing body that had not been filled as the School had not been aware that there was a vacancy and therefore had not made any attempt to fill the post. This resulted in a disparity between the constitution of the governing body and the Instrument of

Government.

- 1 of the 5 Schools had a statutory committee that had been incorrectly constituted. The Pupil Discipline and Exclusions Committee details 4 members, instead of the requisite 3 or 5.
- 4 of the 5 Schools had selected policies which had been reviewed since January 2015; however, evidence that they had been submitted for approval through the governing body was not in place in all cases.
- 3 of the 5 Schools had not agreed their budgets by 31st May 2016, as required by the Fair Funding Scheme for Financing Schools.
- 4 of the 5 Schools did not have a complete Register of Business Interests for all current governors.

Whilst the Council’s Governor Support Service does not have the specific responsibility for ensuring appropriate governance arrangements are in place at each school (this being the responsibility of each school), the Service can help to advise and assist Headteachers and their governing bodies to be ‘compliant’. This report recommends that the Governor Support Service issues clear reminders to all schools in order to assist them in achieving compliance and best practice.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Part 5 Paragraph 36 of the Government of Maintained Schools (Wales) Regulations 2005 states that:</p> <p><i>‘1. The LEA must ensure that the persons set out in the paragraph (2) are provided (free of charge) with</i></p> <p><i>(a) a copy of the school’s Instrument of Government and</i></p> <p><i>(b) where any variation is made to the school’s Instrument of Government a consolidated version of the Instrument of Government incorporating all variations made by LEA (other than any variations which have ceased to have effect.)</i></p> <p><i>2. The persons who are to be provided with the information referred to in para 1 are:</i></p> <p><i>(a) every member of the governing body of the school;</i></p> <p><i>(b) the Headteacher whether or not the Headteacher is a member of the governing body;</i></p> <p><i>(c) the trustees of any trust relating to the school;</i></p> <p><i>(d) in the case of a Church in Wales school or a Roman Catholic Church school, the appropriate diocesan authority and</i></p> <p><i>(e) in the case of any other school designated under section 69(3) of the 1998 Act as having a religious character, the appropriate religious body...’</i></p> <p>All 5 schools had an Instrument of Government, but 3 schools did not have a copy at the school. For one school the Headteacher stated that he had not received a copy of the revised Instrument of Government</p>	<p>The Governor Support Service should email all Headteachers detailing the governance documentation required to be held at the school, by the Governor Support Service and by both parties, in a tabular format.</p> <p>The requirement to retain a copy of the Instrument of Government by both the school and Governor Support Service should be included in the table.</p> <p>Consideration should be given to including a copy of the school’s Instrument of Government within the next Governing Body agenda</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>following completion of the federation process (a copy was provided to the school during the audit visit) and a further 2 schools requested a copy from the Governor Support Service once they had been notified of the audit.</p> <p>School governors are not provided with a copy of the Instrument of Government.</p>	<p>pack. The Clerk to the governing body should then ensure that all new governors and all appropriate individuals also receive a copy.</p>
<p>5.1.2</p> <p>Low</p>	<p>For each of the 5 schools sampled, detailed Terms of Reference were evidenced for 2015/2016 for each of the committees. However, the following anomalies were identified:</p> <ul style="list-style-type: none"> • The Pay Appeals Committee has 3 members, plus reserves, but does not state that the quorum is 3. • The Salary and Remuneration Committee has 3 members, plus reserves, but does not state that the quorum is 3. • The Premises and Health and Safety Committee has 4 members but does not state the quorum. 	<p>For all schools that they clerk, the Governor Support Service should ensure that quorum levels are documented for all committees.</p>
<p>5.1.3</p> <p>Medium</p>	<p>During the audit, all 5 schools had vacancies on their governing body which were in the process of being filled. However, one school had a foundation governor vacancy, which they were not aware of and moreover, one of their other foundation governor's terms had elapsed without re-election. The responsibility for filling foundation governor posts lies with the school.</p> <p>The Governor Support Officer contacted the Diocese to confirm whether the governor had been re-elected and listed other forthcoming elapsing terms, but not the other vacant foundation governor's post. An email response was received detailing that 'he is a foundation governor but the Instrument of Government provides for the 'Principal Officiating Minister' of the parish of Cwmbach is an ex officio governor by virtue of that appointment. For this reason we don't re-appoint a foundation governor in this situation in any of our schools in Wales - they simply serve as foundation governors while they hold the relevant post in the parish.'</p> <p>An Instrument of Government detailing this was not evidenced during the review and has not been provided in response to LEA's request.</p>	<p>The Governor Support Service should contact the Headteacher to remind them of the requirement to fill the current vacant foundation governor's post.</p> <p>Further clarity should be sought from the Diocese with regards the expired term of the foundation governor and his role, to ensure that the constitution of the governing body is congruent with the Instrument of Government.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.4 Medium	<p>Part 9 56(2) of the Government of Maintained Schools (Wales) Regulations 2005 states: <i>'The Pupil Discipline and Exclusions Committee must consist of either three or five governors, but must not include the Headteacher.'</i></p> <p>For one school, the Pupil Discipline and Exclusions Committee details 4 members.</p> <p>Additionally, the following committees were found to have inconsistent quorum levels recorded in the Terms of Reference:</p> <ul style="list-style-type: none"> • A Finance Committee for one federated school had 7 members on the committee, quorum levels detailed as 3 or 50% rounded up, which would be 4. • A Human Resources Committee for one school had 4 members including Headteacher and the quorum level detailed was 3 members or 50% (i.e. 2 members). Therefore, a lack of clarity evident in terms of the quorum level. • A Finance Committee for one school had 4 members on the committee and the quorum level detailed was 3 or 50% rounded up (i.e. 2 members). Therefore, a lack of clarity evident in terms of the quorum level. 	<p>The Governor Support Service should remind Governor Support Officers and Headteachers that the Pupil Discipline and Exclusions Committee must consist of either 3 or 5 Governors.</p> <p>Where quorum levels are recorded in the Terms of Reference as a number or 50% of the governing body rounded up, to provide clarity it should state 'whichever is the highest'.</p>
5.1.5 Low	<p>A review of 5 schools evidenced that committees are not always meeting on a regular basis:</p> <ul style="list-style-type: none"> • For one School, 2 Finance Committee meetings were evidenced since January 2015; it is recommended that Finance Committees meet on a termly basis. At the same School there is also a Curriculum and Standards Committee in place; however, there was no evidence of this Committee meeting to date. • For one School there is a Curriculum and Standards Committee in place; however, this has not met since January 2015. • For one School, 2 Finance Committee meetings were noted being held over 5 terms. 	<p>The Governor Support Service should advise Headteachers that it is recommended for;</p> <ul style="list-style-type: none"> • Finance Committees meet at least termly; • Committees should be convened regularly; • where Committees are not required, the Terms of Reference should be updated to reflect this.
5.1.6	Attendance sheets were not evidenced for the following meetings:	The Governor Support Service

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low	<ul style="list-style-type: none"> For one School - no attendance sheet evidenced for the governing body meeting held on 12th February 2016 (not clerked by the Governor Support Service); For one School - no attendance sheet for a special meeting on 9th June 2015 (not clerked by the Governor Support Service); For one School - no attendance record evidenced for the Curriculum and Standards Committee meeting held on 3rd May 2016 (not clerked by the Governor Support Service); For one School - no attendance record evidenced for governing body meetings held on 25th March; the Finance committee meetings held on 22nd January 2015, 11th February 2015, 12th March 2015, 14th April 2015 and 19th June 2015 (clerked by the Governor Support Service); and the Curriculum and Standards meetings held on 22nd January 2015, 11th February 2015, 12th March 2015, 14th April 2015 and 19th June 2015 (not clerked by the Governor Support Service). For one School - no attendance sheets retained for any of the governing body meetings (not clerked by the Governor Support Service). 	<p>should remind Headteachers of the requirement to retain attendance/signing in sheets.</p> <p>The Governor Support Service should remind Headteachers that attendance sheets should be maintained and be available for review.</p>
5.1.7 Medium	<p>The Governing Body and Committee meetings since January 2015 were reviewed for 5 schools. Of those 5 the following were found to be non-quorate.</p> <ul style="list-style-type: none"> For one School - a Governing Body meeting was held on 12th February 2016 which was not clerked by the Governor Support Officer. The meeting was held to discuss and agree policies; there were 17 governors in place as of 12th February 2016 and 8 attended this meeting and agreed the policies. For one school the following has the potential to be non-quorate on certain decisions: the Governing Body meeting held on 26th January 2016 where 8 of 16 members were present. The signed attendance sheet details that one member was running late, although this is then crossed out, so is not clear if they arrived on time. It is not reflected in the minutes if they were late and at what point they arrived. If decisions were agreed prior to their arrival, that decision would be non-quorate. 	<p>The Governor Support Service should remind Governor Support Officers and Headteachers that decisions can only be made where meetings are quorate and that all governing body members are invited.</p> <p>The Governors Support Service should also remind Governor Support Officers/Clerks that where any member of the governing body/committee is late arriving, that the time of arrival is detailed next to the attendee's name in the minutes or within the body of the minutes, at</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		the point that they joined the meeting.
5.1.8 Medium	<p>The Government of Maintained Schools (Wales) 2005 Regulation, Part 7 states that: <i>'(2) The minutes of the proceedings must be entered into a book kept for the purpose by the clerk and may be entered on loose-leaf pages consecutively numbered; but in that case the person signing the minutes must initial each page.'</i></p> <p>Signed copies of all minutes are required to be retained at the school. Where the minutes have been drafted by the Governor Support Service a signed copy should also be retained by this Service. Audit testing identified:</p> <ul style="list-style-type: none"> • For one School – a full complement was obtained from the Governor Support Service with the exception of the meeting held on 12th February 2016 (which was not clerked by the Governor Support Service) – omission at the School. • For one School - the following signed minutes were not obtained at the time of review: Governing Body meeting held on 9th June 2015, the Finance Committee meeting held on 4th February 2015, the Community Governors meeting held on 16th June 2015 and the Special Community Governors meeting held on 9th February 2016 - omissions at the School. • For one School - all signed meetings obtained from the Governor Support Service and at the School. For the Finance/Curriculum Committee meeting held on the 23rd June 2015, these did not state who attended (not clerked by the Governor Support Service). • For one School - all signed meetings received from the Governor Support Service (with the exception of those the Service did not clerk) – these were omissions at the School. For the Curriculum and Standards committee meetings on 22nd February 2015, 6th May 2015 and 6th July 2015, these were not evidenced. • For one School - all minutes evidenced as signed for this academic year (under a new Clerk). However, the minutes are not initialled on each page, only signed on the back sheet. 	<p>The Governor Support Service should remind Headteachers that signed minutes for each governing body and committee meeting should be retained at the school. Where the meeting was clerked by the Governor Support Service, a signed copy should also be retained by the Service. This requirement should be included in the governance requirements document to be sent out to all schools.</p> <p>The Governor Support Service should remind Headteachers that all loose-leaf minutes should be initialled on each page and signed and dated on the last page.</p>
5.1.9	Despite purchasing the full Service Level Agreement with the LEA, one school chooses to clerk their own	The Governor Support Service

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low	<p>governing body and committee meetings.</p> <p>A review of the School's minutes and agenda items noted the following deviations from the minutes/agendas of schools clerked by the LEA:</p> <ul style="list-style-type: none"> • There is no follow through of the numbering on the agenda items to the subsequent minutes i.e. if the update of expenditure item on the agenda is recorded as 3, the items noted and agreed in the minutes should also be numbered as 3, 3.1 etc. • Both the clerk and the Governor Support officer produce an agenda notice. As well as this being a duplication of effort, the agenda produced by the school doesn't include the date of notice or whether the agenda item is for decision or information purposes. 	<p>should contact the school and recommend that when clerking minutes, the numbering of agenda items follows through to the minutes.</p> <p>The Governor Support Service should liaise with the Headteacher with regards producing the Agenda. Consideration should be given to producing 1 agenda notice only, either by the clerk or by the Governor Support officer. If the agenda notice is produced by the school, the Governor Support Service should remind the Headteacher that the format should include the date of the notice and whether the item is for decision or information purposes.</p>
5.1.10 Low	<p>Of the 5 schools sampled, all of the schools had completed and returned the Partnership agreement with the Local Education Authority, but had not received a copy of the signed agreement in return.</p>	<p>Schools should be provided with a copy of the Partnership Agreement, signed by both parties.</p>
5.2.1 Low	<p>During the audit, it was identified that there was some confusion over the retention of paper copies of agenda packs, as one school stated that they had been told recently not to keep paper agendas going forward even though not all governors receive electronic copies of the agenda.</p> <p>Discussion with the School Organisation Manager established that schools had been informed that governors were required to register if they want paper copies and for those who have registered, it is the</p>	<p>The Governor Support Service should remind Headteachers that if an electronic copy of the agenda pack is retained on the Hwb, then there is no requirement to keep a</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	responsibility of the LEA to send out paper copies of agendas in the post. As long as agenda packs are retained on the Hwb then there would be no requirement to print a paper copy.	paper copy of the agenda packs. For those governors who registered as requiring a paper copy in the post, these will be forwarded by the LEA. Consideration should be given to including this in the retention of documents table to be issued.
5.2.2 Medium	<p>The Fair Funding Scheme specifies that:</p> <p><i>'2.3 Each school is required to submit budget plans showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. The first formal budget plan of each financial year must be approved by the governing body. Schools should submit their formal budget plan showing intended expenditure in the current financial year by no later than 31st May.'</i></p> <p>Budgets are approved in the summer term meetings. The summer term meetings for 2016 were held after 31st May 2016 for 3 of the 5 schools sampled.</p> <p>For summer term meetings 2015, all 5 were held after 31st May 2015.</p>	The Governor Support Service should remind Headteachers that the budget should be approved by the full governing body by 31st May.
5.2.3 Medium	<p>At the time of review, 4 of the 5 schools could locate their Equality Policy, whilst the other School assured the auditor that there was a formal policy in place, but could not locate it at the present time.</p> <p>2 of the 4 policies had been signed as approved since January 2015, but there was no evidence of them going through the governing body for approval. One school's policy had been approved in February 2011 but did not include a review date.</p>	<p>The Governor Support Service should remind Headteachers that all policies should go through the governing body for approval and this should be reflected in the governing body minutes. In addition, consideration should be given to including this in the Checklist.</p> <p>The Governor Support Service should remind Headteachers that</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		policies should be subject to regular review and the most recent version should be readily accessible.
5.2.4 Medium	All 5 schools had a Freedom of Information Policy at the school. Of the 5 schools, 4 had policies that had been approved since January 2015, the remaining 1 was prior to this and so minutes were not obtained. Of those 4, there was no evidence in the governing body minutes to support that the governing body had approved the policy.	The Governor Support Service should remind Headteachers that all policies should go through the governing body for approval. This should be reflected in the minutes of the governing body.
5.3.1 Medium	<p>The Fair Funding Scheme for Financing Schools September 2007 (as required by Section 48 of the School Standards and Framework Act 1998) specifies that:-</p> <p><i>'2.9 Governing bodies were required to establish a register of business interests by 31st December 1999 which lists for each member of the governing body and the Headteacher any business interests they or any member of their immediate family have.</i></p> <p><i>The Register must be kept up to date by notification of changes from governors and the Headteacher and through an annual review process.'</i></p> <p>Only 1 of the 5 schools had a complete set of Governors' declarations:</p> <ul style="list-style-type: none"> • For one School - Register of Business Interests were evidenced for 9 of the Governors. (12 attended the first meeting of the academic year). The missing declarations have not been chased up. • For one School - 9 current governors had signed (10 had been present at the first meeting of the academic year). The missing declarations have not been chased up. • For one School - 7 of the 12 attendees of the first meeting of the academic year had completed the Register of Business Interests. The missing declarations have not been chased up. • For one School - all 10 had signed the register but the declaration for one person could not be found at the time of review. 	<p>The Governor Support Service should remind all Headteachers that governors should be required to complete and sign an annual declaration of Business Interest to be retained at the school.</p> <p>Where governors are absent from the Autumn Term meeting in which the annual declaration is undertaken, declarations of interest should be completed at the subsequent governing body meeting or committee meeting to ensure that a declaration has been received, prior to any decision being taken.</p> <p>Consideration should be given to including it at the top of the agenda for each meeting.</p>

AUDIT NAME: HAFOD PRIMARY

DATE FINAL REPORT WAS ISSUED: 22/12/2016

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.

Hafod Primary School was last subject to an Internal Audit Review in October 2012 and this is the third cyclical visit made to the school under the self evaluation process.

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 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 the School's budget has been approved by the Governing Body and to ensure that the budget set by the School complies with the 'Fair Funding : Scheme for Financing Schools', is in line with the funding available, individual budget heads are reasonable and that the budgetary information used for monitoring and reporting is complete, accurate and up-to-date.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.
- To ensure that petty cash is held securely, expenditure properly incurred and the account is appropriately monitored and controlled.

AUDIT OPINION

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

Safeguarding

The School has a Child Protection Policy which is reviewed annually. Level 1 Safeguarding training was provided to the whole school in March 2016 and again in September 2016 for the staff who were not able to attend the March session. However as an attendance list was only maintained for the September training, there are 9 members of staff (out of 27) for whom no assurance can be provided that appropriate Safeguarding training has been received.

Each member of staff received the required pre-employment checks prior to commencing in post. Whilst there was a record of DBS details at the School, it was not up-to-date at the time of the review.

The Headteacher currently creates and approves all educational visits on Evolve; therefore there is no segregation. It was also noted that routine visits such as swimming, visits to the park etc., are not recorded on Evolve.

School Private Fund

An appropriate Management Committee has been established and 2 Auditors appointed. The audited accounts and Annual Certificate for 2015/16 have been prepared and will be submitted once the Secretary has signed the Certificate. Bank statements are received monthly and are reconciled to the Ledger. All income examined during the sample period was reconciled and there were no delays in banking. Receipts were present for each of the 18 purchases examined; however 1 purchase was not in line with the School Private Fund Regulations (£64.97 outdoor wet play clothing for staff).

Purchase Card

There is a transaction log in place to record all Purchase Card transactions. The transaction log was up-to-date and demonstrated evidence of reconciliation to the bank statements. Cashbook journals are undertaken immediately after each purchase. Whilst there were receipts to support each of the 17 transactions examined as a sample, it was identified that 16 of these transactions included VAT; however there were no appropriate VAT receipts to support 3. The card is occasionally used by the Caretaker and a log is maintained to record these instances. No cash is withdrawn.

School Meals

At the time of the review, there was £134.00 unbanked dinner money which agreed to SIMS. For the sample period examined, all income was reconciled and there were no delays in banking. The Headteacher independently reviews and approves the school meals income records. The School Clerk and Cook liaise daily to ensure that the number of meals served is correct. The School has a robust process for pursuing arrears and currently there are no pupils who owe in excess of 10 meals. Free school meals authorisations were located for each of the 20 pupils examined

Purchasing

Each of the 6 purchase orders examined were authorised by the Headteacher; however 2 orders were raised on SIMS retrospectively. There was a lack of evidence on the copy orders, delivery notes and invoices to demonstrate that all items were checked upon delivery, and again upon receipt of an invoice and that the invoice was approved for payment by the Headteacher. It was also noted that an official order should have been raised on SIMS for each of the 4 non-orders examined, as a prior request would have been made. The School has 6 leases, 2 of which ceased on 1st November 2016. As these leases were agreed by the previous Headteacher, it could not be confirmed whether Education Finance was consulted prior to agreeing to these leases. The current Headteacher should liaise with Education Finance prior to renewing or taking out any new leases in future.

Budgetary Control

The budget agreed by the Governing Body corresponds to the budget set on SIMS and last year's underspend was confirmed by Education Finance and a copy of the letter was held on file. Any virements made are documented and approved by the Chair of Governors and Headteacher. The school budget is reviewed at least monthly using SIMS reports.

A recent pupil count was obtained from Education Finance prior to the review. This was compared to class registers and all pupils corresponded. No issues were identified in terms of receiving, recording or banking a sample of income received. The bank reconciliation exercise is undertaken by both the School Clerk and Headteacher; however whilst both are signing the bank statements, only the School Clerk signs the bank reconciliation statement.

Data Security

The School is registered with the Information Commissioner's Office (expiry 11th March 2017). There is an IT and Data Protection Policy in place to ensure that the School's IT equipment is safeguarded. Back ups are undertaken by an external company weekly. The School's inventory is up-to-date and recorded on SIMS. IT equipment is asset registered but has not been marked as property of the school. Currently, there is no record of equipment (e.g. iPads, camera) taken off-site.

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

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
<p>5.1.1 High</p>	<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 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> Level 1 Safeguarding training was provided to the whole school in March 2016 and again in September 2016 for those members of staff who could not attend the March session. Whilst it was evident via whole school certificates that training was undertaken, an attendance list was only present for the September session, of which 9 members of staff were not present. Consequently, Internal Audit could not verify that these members of staff have received training.</p>	<p>As a minimum, Level 1 Safeguarding training should be arranged for the 9 members of staff identified.</p>
<p>5.1.2 Low</p>	<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... operate safe recruitment procedures that take account of the need to safeguard children and young people, including arrangements to ensure that all appropriate checks are carried out on new staff and unsupervised volunteers who will work with children, including relevant DBS checks.'</i> Whilst there was a DBS record at the school, at the time of the review the record had not been updated to include a new member of staff who started in September, and another member of staff who left in the</p>	<p>The School should ensure that their DBS record is up to date as and when there are changes in staffing.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	summer.	
5.1.3 Low	<p>Discussions at the time of the review identified that routine visits such as swimming, visits to the park etc., are not recorded on Evolve.</p> <p>It is acknowledged that the Headteacher has paper based risk assessments for these visits and blanket approval forms which are reviewed annually.</p>	<p>All visits should be recorded and approved on Evolve for consistency and to ensure that a central, permanent record is maintained.</p> <p>Where these types of visits are pre-arranged during the year, a block entry could be created on Evolve and amended at a later date if necessary.</p>
5.2.1 Low	<p>Point 1.1 of the School Private Fund Regulations states: <i>'A School Private Fund is...for the general benefit of the pupils only'.</i></p> <p>On 16th September 2016, outdoor clothing was purchased for staff totalling £64.97 (Cheque number 100009).</p> <p>This recommendation was not agreed.</p> <p><u>Management Response:</u> Not agreed.</p> <p>The school believes that the purchase of the outdoor clothing was consistent with the School Fund Regulations. This is because the clothing was for the general benefit of pupils as it enables them to access the outdoors and to use the wet weather clothing school has purchased for them.</p> <p>Furthermore, the clothing was not designated for particular members of staff but for general use. The clothing is kept in school at all times. The clothing also allows for school trips in inclement weather (an activity listed in Appendix 1). School will continue to refer to the School Fund Regulations when using this fund.</p>	<p>All expenditure should be in line with the School Private Fund Regulations.</p> <p>This expenditure falls outside the scope of the Fund and this type of expenditure would be more appropriately financed from the Budget account in future.</p>
5.3.1	16 of the 17 transactions examined included VAT; however an appropriate VAT receipt was not present	Every effort should be made to

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Medium	<p>to support 3:</p> <ul style="list-style-type: none"> • 8th September 2016 – Amazon: Gross £11.73 and VAT £1.95; • 14th September 2016 – Amazon: Gross £5.96 VAT £1.00; and • 20th September 2016 - 16 Amazon: Gross £43.36 VAT £7.24. 	obtain an appropriate VAT receipt to accompany all purchases where VAT is to be reclaimed.
5.4.1 Low	<p>Of the 6 orders examined as a sample, the following 2 were raised on SIMS retrospectively:</p> <ul style="list-style-type: none"> • Order number 4420160003 raised on 15th June 2016. Delivery note dated 14th June. • Order number 4420160002 raised on 13th June 2016. Delivery note dated 7th June. 	Official orders should be raised on SIMS in all cases where a commitment to expenditure is known in advance.
5.4.2 Medium	<p>There was a lack of evidence on the copy orders, delivery notes and invoices to demonstrate that all goods received were checked upon delivery, and that the invoices were checked and approved prior to payment.</p>	<p>Upon delivery goods received should be checked to the delivery note and copy order to confirm that items listed thereon have actually been received and that they are in a satisfactory condition.</p> <p>Both the delivery note and copy order should demonstrate evidence of this check i.e. items ticked.</p> <p>Upon receipt of the invoice, the items should be checked to the original copy order and delivery note to ensure that the invoice is correct. The invoice should then be signed by the Budget Holder i.e. the Headteacher as approved for payment.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.4.3 Medium	<p>An official order could have been raised for all 4 of the non-orders examined as a sample, as a prior request would have been made:</p> <ul style="list-style-type: none"> • 21st October 2016 – Blinds (supply and fit) - £600.00. • 18th July 2016 – More to Maths Curriculum Park - £117.52. • 30th June 2016 – Skip Hire £150.00. • 9th May 2016 – Paper, Cards, Ribbon, Chalks etc - £145.07. 	<p>An order (confirmation if made by telephone) should be raised on SIMS as soon as a commitment to expenditure is known. This will ensure that the budgetary information on SIMS is as accurate as possible, has been authorised in the correct manner and that there is a hard copy of the items ordered at the School which can be used to check the subsequent delivery of goods and relevant invoice.</p>
5.4.4 Medium	<p>The school has 6 leases in respect of the photocopier, telephone system, dryers, air fresheners and water dispenser.</p> <p>As these leases were agreed by the previous Headteacher, it could not be confirmed whether Education Finance was consulted with prior to agreeing to the leases.</p> <p>It was noted that 2 leases (photocopier (Toshiba) and dryers (Javen) ceased on 1st November 2016.</p>	<p>Prior to renewing any of these leases and taking out any future new leases, authorisation should be gained from Education Finance.</p>
5.5.1 Low	<p>Whilst the bank statements are signed by both the School Clerk and Headteacher, the bank reconciliation statements are signed by the School Clerk only.</p>	<p>On completion of a bank reconciliation exercise, the Bank Reconciliation statement together with the Bank Statements should be signed and dated by both the Headteacher and the School Clerk as confirmation that both members of staff have carried out the exercise.</p>
5.6.1	<p>Discussions at the time of the review identified that IT equipment has not been marked as property of the</p>	<p>All equipment should be marked as</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low	School.	property of the School. This could be achieved by using an indelible pen for example.
5.6.2 Low	Whilst the Headteacher states when planning educational visits whether equipment such as a camera / iPad will be taken on the visit, there is no record at the School to detail the date equipment is actually removed from the premises, by whom and when it was subsequently returned.	Where equipment is taken off site, a record should be maintained containing the date of removal, item of equipment, serial number, name of the person removing it and the date it was returned.

AUDIT NAME: PORTH INFANTS

DATE FINAL REPORT WAS ISSUED: 04/01/2017

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.

Porth Infants School was last subject to an Internal Audit Review in October 2012 and this was the third cyclical visit made to the school 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 year 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 computer 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 Porth Infants School is considered to be effective with opportunity for improvement.

Safeguarding

There is a Safeguarding Policy at the School which is reviewed annually (last reviewed 4th November 2016). All staff have received Safeguarding training and an attendance list was present to demonstrate that each member of staff attended. Each member of staff received the required DBS checks prior to

commencing in post and there was a record of DBS details at the School. All educational visits are recorded on Evolve; however there is no segregation between the planning and approving stages, as the Headteacher carries out each step.

School Private Fund

An appropriate Management Committee has been established and 2 Auditors appointed. The Annual Certificate and Audited Accounts for Academic year 2015/16 have been prepared and submitted to Education Finance. The income examined during the sample period was appropriately recorded, banked and reconciled. From the sample of expenditure examined, 1 purchase was not in line with the School Private Fund Regulations (piano tuning £35) and there was no receipt to support another cheque issued for £189.

Purchase Card

Whilst there is a transaction log, it is not completed as and when transactions are made; instead it is updated retrospectively using the information on the Barclays system and therefore any errors may remain undetected for a period of time. Confirmation / receipts were present to support the 15 transactions examined as a sample; however for 1 of the transactions including VAT, there was no supporting VAT receipt. There is a log to record details of when the card is used by other members of staff. Cash is withdrawn to enable the School to have 'petty cash'. Appropriate records are held to support all 'petty cash' purchases.

School Meals

There were no issues in terms of receiving, recording and banking school meals income. There was £191 unbanked money at the School that agreed to the income recorded on SIMS. There are appropriate processes in place to ensure that the correct number of meals are served daily and to pursue school meals arrears. Authorisations were present for each of the 17 free school meals pupils at the School.

Purchasing

The School no longer raises purchase orders. All items are purchased using the Purchase Card. Invoices for non-order payments are sent to Education Finance for payment without delay.

Data Security

The School is registered with the Information Commissioners Office (expiry 13th October 2017). Back ups are undertaken daily by Extrascope. IT equipment has been recorded as property of the School and a record is maintained for when IT equipment is taken off-site. The School does not currently have an inventory.

Formula Funding

The latest pupil numbers were obtained from Education Finance prior to the review. This list was compared to the School registers and no variations were identified.

Implementation of the recommendations within this report will improve the level of control at the School.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
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SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Low	Currently the Headteacher creates and approves all visits on Evolve.	The Headteacher should consider having another member of staff to create visits on Evolve and the Headteacher undertake the approval process to ensure that there is adequate segregation between these processes.
5.2.1 Low	Point 5.1 of the School Private Fund Regulations states: <i>'All items of expenditure must be supported by a relevant receipt / invoice as proof of payment. Where, due to exceptional circumstances, such documents cannot reasonably be provided; the Treasurer must record the details of the purchase on a Record of Expenditure Made Without Receipts Form, which must be signed by the member of staff who incurred the expenditure.'</i> Of the 20 purchases examined as a sample, there was no receipt for the following: <ul style="list-style-type: none"> 10th November 2016 – K.B (fund-raising money for porth Christmas tree) Cheque number 102097 - £189.00. Whilst there is a Record of Expenditure Made Without Receipt form at the School, this transaction was not recorded and approved.	Receipts should be present to support all expenditure from the School Private Fund. Where this is not possible, expenditure should be recorded on a Record of Expenditure Made Without Receipt form (see Appendix 8) and appropriately signed and approved.
5.2.2 Low	Appendix 1 of the School Private Fund Regulations details examples of expenditure falling outside the scope of the School Private Fund, one of which is piano tuning. <ul style="list-style-type: none"> On 14th November 2016 the School made a payment of £35 for piano tuning. 	All expenditure should be in line with the School Private Fund Regulations. This expenditure falls outside the scope of the Fund and this type of expenditure would be more appropriately financed from the Budget account in future.
5.3.1	Discussions at the time of the review identified that the Transaction Log is not updated as and when a transaction is made; instead it is completed retrospectively from the Barclays system.	Details of all purchase card transactions should be recorded on

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Medium		<p>the Transaction Log as and when they occur and cross referenced to their respective invoice/receipt. The Transaction Log should then be regularly reconciled to the Barclaycard system to ensure that the details on Barclays are correct.</p>
<p>5.3.2</p> <p>Low</p>	<p>9 of the 15 transactions examined as a sample included VAT; however for 1 of these purchases an appropriate VAT receipt was not present:</p> <ul style="list-style-type: none"> 16th September 2016 Amazon UK Marketplace £23.90 gross, £3.98 VAT. 	<p>Every effort should be made to obtain an appropriate VAT receipt to accompany all purchases where VAT is to be reclaimed. An appropriate VAT receipt should include:</p> <ul style="list-style-type: none"> • details of the sale including the tax date; • the suppliers VAT registration number; • the amount paid for the goods or services; and • the amount of VAT that the supplier has charged to you. <p>If a VAT receipt cannot be obtained and it is unknown as to whether the individual / company is VAT registered, it should be assumed that they are not, and therefore the gross amount should be treated as</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		<p>outside the scope.</p> <p>Note: it is the status of the supplier (VAT registered or not) that must be considered first before considering whether the items are VAT applicable.</p>
<p>5.4.1</p> <p>Medium</p>	<p>At present, the School does not have an inventory.</p>	<p>The full inventory review should be completed and all equipment recorded as soon as possible.</p> <p>Thereafter, an annual review should be carried out to ensure that the record is accurate and up-to-date.</p>