

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
MUNICIPAL YEAR 2016/17

COMMITTEE:

AUDIT COMMITTEE

20th March 2017

Item No. 5
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 10th January 2017 and 7th March 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 of the 10th January 2017 and 7th March 2017.

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 12 audit assignments have been finalised in the period:

- Council Tax;
- Fleet Management and Maintenance;
- General Ledger and Accounting;

- Non-Domestic Rates;
- Waste Management;
- Darran Park Primary School;
- Our Lady's RC Primary School;
- Pontrhondda Primary School;
- Porth Junior School;
- St. Michael's RC Primary School;
- YGG Llantrisant; and
- Operational Risk Management.

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, as set out within the 'Draft Internal Audit Annual Report 2016/17' to be reported to the 20th March 2017 Audit Committee, 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
20th March 2017

Report of the Group Director, Corporate & Frontline Services

Author: Marc Crumbie (Operational Audit Manager).

Item	File Ref:
5. Finalised Audit Assignments 2016/17	IA / MC
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CORPORATE & FRONTLINE SERVICES
AUDIT NAME: COUNCIL TAX
DATE FINAL REPORT WAS ISSUED: 06/03/2017
<p>INTRODUCTION</p> <p>The management and control of the Council's Council Tax Section is undertaken by the Corporate and Frontline Services Group (Operational Finance Service).</p> <p>Council Tax is a tax levied on all eligible domestic properties. The amount of tax levied is dependent on the Council Tax band that the property falls into. The full rate of tax is liable to be paid unless the property, owner or occupier is eligible for a reduction or exemption. The main reasons for reductions include empty property discounts, single person discounts, benefits for residents on lower incomes (where income includes wages, income support and pensions) and exemptions for students.</p>
<p>SCOPE & OBJECTIVES</p> <p>The primary purpose of the audit review is to provide management with an opinion on the adequacy and effectiveness of the internal control systems operating within the Council Tax Section. The objectives of the review were to ensure that:</p> <ul style="list-style-type: none"> • Communication systems in place between Council Tax and other sections are appropriate, allowing Council Tax accounts to be promptly updated and accurate Council Tax bills to be produced; and • Processes in relation to the production of Council Tax bills are appropriate and efficiently undertaken.
<p>AUDIT OPINION</p> <p>Overall the control environment in relation to the administration of Council Tax is considered to be effective with opportunity for improvement. Target timescales have been put in place to deal with Internal Memorandums received from Housing Benefits and the current target has been set at 14 calendar days. During the period April to October 2016 there were 3,694 Internal Memorandums raised. In the main it was noted that the target set for dealing with these Memorandums had been met and the processes in place were found to be working effectively. However, 45 occasions were identified where it had taken longer than 14 calendar days to deal with the documentation received and from a review of the reasons for these delays it is considered that 16 of these could have been avoided (it is acknowledged that this is a very small amount when compared to the overall total).</p> <p>This report recommends that Management consider prioritising and allocating all Internal Memorandums upon receipt to ensure they are dealt with efficiently. This will help ensure Council Tax accounts are promptly updated at the earliest opportunity, allowing any changes on the account to be processed on a timely basis and revised (accurate) Council Tax bills produced and sent to tax payers at the earliest opportunity.</p> <p>Each adjustment to a Council Tax account produces an amended bill. For example, if an adjustment is made to an account on a Monday and a further adjustment made a week later following the completion of an Internal Memorandum, two separate bills would have been produced.</p> <p>With Management currently reviewing printing arrangements, there may be value in reducing the frequency of printing Council Tax bills (currently daily); the</p>

timely processing of updated information should mitigate the need for multiple Council Tax bills to be produced in close proximity following subsequent alterations to tax payers accounts. This could contribute to reducing printing costs and making better use of staff time and resources.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Documentation is often requested / received from other Council departments, in particular Housing Benefits. This documentation is communicated between Council Tax and Housing Benefit via Internal Memorandums, which are allocated to accounts where information needs to be updated by Council Tax to produce accurate accounts and subsequent Council Tax bills. If these Memorandums are not acted upon in a timely manner, inaccurate bills may be produced.</p> <p>An internal target of 14 days has been set for Internal Memorandums to be dealt with.</p> <p>Examination of the reports produced for the sample period April 2016 to October 2016 revealed that there were 45 Internal Memorandums that had not been dealt with within the target days set.</p> <p>Of these 45 Memorandums, the following issues were identified as to possible reasons for these delays:</p> <ul style="list-style-type: none"> • 16 had not been allocated to staff at time of creation, creating an immediate delay. • 9 required further information in regards to the date of occupation or an inspection visit. • For the other 20, various issues/queries needed clarifying. <p>Discussions with the Senior Team Leader identified that whilst Internal Memorandums are dealt with efficiently in the main, they are not prioritised upon receipt.</p>	<p>Management should consider prioritising Internal Memorandums.</p> <p>This should help to ensure that all Memorandums are allocated and dealt with in the target timescales, and any issues dealt with at the earliest opportunity.</p>

AUDIT NAME: FLEET MANAGEMENT AND MAINTENANCE

DATE FINAL REPORT WAS ISSUED: 11/01/2017

INTRODUCTION

Fleet Management is an essential component of the Council's front-line services and has a direct impact on the provision of quality services to the residents of Rhondda Cynon Taf.

The Council operates a fleet of approximately 440 vehicles, comprising a wide variety of vehicle types including small vans, lorries, refuse wagons and mobile libraries. The Council's fleet is managed strategically by the Director of Highways & Streetcare Services.

Due to the size of the Council's fleet and the nature of some of the vehicles in use it is inevitable there will be occasions where they are involved in minor traffic accidents / collisions resulting in damage to vehicles / property. However, these minor incidents accumulated together can have an impact on the Council's fleet operations as well as insurance claims.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for the financial year 2016-17 as agreed by Audit Committee, a review of the processes in place in respect of reporting and recording traffic incidents / accidents involving fleet vehicles across all services took place.

The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the internal control system. The objective of the review was to:

- Ensure that the current processes for reporting and recording accidents / incidents are appropriate.

AUDIT OPINION

The overall control environment in relation to reporting and recording accidents and incidents involving Council vehicles is insufficient and requires improvement.

Procedure Manual

The Fleet Management Service confirmed that they have a draft document. A review of the draft document identified the following areas where additional information / guidance should be included:

- A step by step guide for staff to follow in the event of being involved in an accident;
- Set timescales need to be put in place for each stage of the process and these must be followed (and documented within the manual); and
- Clear guidelines in respect of how and to whom claim forms should be submitted.

This report recommends a full review of the current (draft) document and following agreement, clear communication of the document to all appropriate staff and managers.

Recording of Accidents

The process for recording accidents and incidents is currently administered using an Excel spreadsheet. Management confirmed the availability of a

function within the Fleet Service's Management Information System (Tranman) whereby accidents and incidents can be recorded, on-line, directly into the system.

This report recommends that Management investigate the possibility of using this functionality within the Tranman system.

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

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 High	<p>Currently there is no formal guidance / policy document in place for the reporting of accidents and incidents involving Council vehicles.</p> <p>It was reported that a 'Driving Policy' has been devised but is currently at draft status. On review of this document it was noted that there is no provision or details of guidance for staff to follow in the event of being involved in an accident.</p> <p>A step by step process would help officers understand expectations and requirements in the event of an accident.</p>	<p>Management should review and finalise the Driving Policy document and update it with a step by step guide on the process for officers to follow in the event of an accident.</p>
5.1.2 High	<p>Currently, there are no formalised timescales in place to govern the reporting and processing of claims.</p> <p>A review of accident information identified delays in the reporting of accidents by officers and completion of the necessary claim forms.</p> <p>Additionally, this review identified uncertainty and inconsistency in respect of where Motor Insurance Claim forms are to be submitted.</p> <p>It was reported that there have been instances whereby officers (vehicle drivers) have completed the claim forms and have sent them directly to the Insurance Team therefore by-passing the Council's Fleet Service (who are then unaware that any vehicle has been involved in an accident / incident).</p>	<p>Management should devise a suite of individual timeframes for each stage of the process. Examples of timeframes required could be:</p> <ul style="list-style-type: none"> • Set period between the date of the accident and when the claim form needs to be submitted to Fleet Services. • Set period for Fleet Services to submit claim form to Insurance team. <p>These timescales should be documented in the Driving Policy (5.1.1).</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		Management should ensure that the Driving Policy document is updated to include the details of where a Claim form must be submitted to.
5.1.3 Medium	<p>As part of the review, the documentation used in the process was also examined.</p> <p>Currently there are two pro-formas in use:</p> <ol style="list-style-type: none"> 1. Motor Vehicle Insurance Claim Form; and 2. Supervisors Accident Report. <p>Both documents serve the same purpose but request differing levels of detail and information.</p>	<p>Management should liaise with the Insurance Team to review and update the Motor Vehicle Insurance Claim Form.</p> <p>Note: This recommendation will become 'not applicable' should the accident portal on the Tranman system be implemented. (See Recommendation 5.2.1)</p>
5.2.1 High	<p>The current process for recording accident claims is administered using an Excel spreadsheet.</p> <p>The Council's Fleet Service could record such incidents using the Tranman System. Currently, it is not used to record accident claims data.</p> <p>A new accident reporting portal could be added to the existing Tranman system. This portal could be accessible by nominated officers and be used to report accidents (online). The data would automatically populate directly into the Tranman database in real time. It could then be configured to notify nominated officers (in Fleet Services and the Insurance Section) directly. The online report form could then serve as the Motor Insurance Claim Form.</p>	<p>Management should review the possibility of implementing the accident reporting tool available from within the Tranman system, taking into account any cost implications of purchasing the additional software and configuration.</p> <p>Should this be deemed a cost effective development,</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		Management should liaise with the Insurance Team on any configuration details to ensure the relevant information essential to the Insurance claim form is captured.
5.2.2 Medium	Currently there are no mechanisms in place whereby accidents and incidents are reported formally to a Senior Management Forum for review, challenge and action (if necessary).	Management should compile a report of all accidents and incidents that take place and submit it to the Council's Senior Leadership Team for review, scrutiny and action (if deemed necessary).

AUDIT NAME: GENERAL LEDGER & ACCOUNTING

DATE FINAL REPORT WAS ISSUED: 31/01/2017

INTRODUCTION

The management and control of the Council's General Ledger is undertaken within the Corporate & Frontline Services Group (Finance Division).

The purpose of the General Ledger system is to record all financial transactions and provide the required information for the preparation of Management Accounts, Final Accounts and Financial Returns.

In order to maintain proper financial control and protect the integrity of the General Ledger, it is essential that adequate accounting routines are in operation.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for 2016/17, a review of the General Ledger 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 General Ledger. 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 the Council's General Ledger and Accounting Framework is considered to be effective, with the system being used, Civica Financials, meeting statutory and management accounting and reporting requirements.

Civica Financials is able to provide revenue, capital, Pension Fund, Trust Fund and Joint Committee Accounts as required by statute.

The budget for 2016/17 was agreed by Council at the meeting held on 24th February 2016. Civica Financials was updated in accordance with the agreed budgets to ensure that all Groups have their correct allocation of the budget and to enable accurate budget monitoring to take place.

The values of balance sheet items had been correctly carried forward from 2015/16 into 2016/17.

Ledger input / output is controlled, secure, timely and appropriate to the needs of all users. In particular, Feeders, Journal Transfers, Virements and changes to the overall structure of the system are promptly and accurately actioned by officers with delegated responsibility. Evidence to support these transactions was always retained.

All transactions in Civica Financials have an audit trail, which highlights each transaction's unique reference number, date / time and the identity of the individual who carried out the transaction.

Civica Financials is able to apply its own validity tests on data received from feeder systems to ensure codings are correct. All invalid codes entered into Civica Financials are promptly investigated and rectified from suspense codes by authorised officers to ensure that the budgetary information in the system is accurate and up to date.

No recommendations made.

AUDIT NAME: NON-DOMESTIC RATES**DATE FINAL REPORT WAS ISSUED: 03/02/2017****INTRODUCTION**

The management and control of the Council's Non-Domestic Rates (NDR) Section is undertaken by the Corporate and Frontline Services Group (Operational Finance Service).

NDR are the means by which businesses and those who occupy non-domestic properties make a contribution towards local services.

The rates are pooled by the Welsh Government and redistributed to local Councils in proportion to the number of people living in the area. This income together with revenue from Council Tax and the Welsh Government's Revenue Support Grant is used to fund the services delivered by Rhondda Cynon Taf County Borough Council.

'Your Pontypridd Business Improvement District' (BID) Ltd is a non-local authority body and a private company, responsible for providing and managing the Business Improvement District services for Pontypridd town centre. The company was established as a result of the outcome of a BID ballot process in February 2016. By law, the Council is the billing authority for any Business Improvement District in its area which means it is responsible for the collection of BID levies.

The BID levy is a charge over and above statutory non-domestic rates, and is payable by non-domestic properties in the Business Improvement District area of Pontypridd Town Centre. The first BID Levy demand notice covered the billing period April 2016 to the end of March 2017. An annual demand notice will be issued every March for the forthcoming period until March 2020 when the final demand will cover the period April 2020 to the end of March 2021.

SCOPE & OBJECTIVES

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

- The Service Level Agreement for the BID of Pontypridd Town Centre is appropriate and agreed; and
- Robust processes are in place for the collection of income in respect of the BID.

AUDIT OPINION

Overall the control environment in relation to the administration of NDR is considered to be effective with opportunity for improvement.

With regard to the specific objectives examined for the Pontypridd BID, it was found that whilst there is a signed Service Level Agreement in place between the Council and the BID Board, agreed billing and collection processes within the SLA are not being adhered to.

At the time of reporting 95 businesses were still yet to pay their BID levy, equating to a value of £16,104, with no reminders issued.

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
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<p>5.1.1</p> <p>Medium</p>	<p>The Service Level Agreement between the Council and the Your Pontypridd BID company states: - <i>'The Council is responsible for collecting the BID levy on behalf of Your Pontypridd BID. The BID levy is payable in one instalment per year. Bills should be raised in March and payment will become due on 10th April each year'.</i></p> <p>Discussions with the Revenues Services Manager established that bills were first issued on 20th June 2016.</p> <p>The Service Level Agreement also states: <i>'The BID levy is a mandatory charge and collection is enforceable in the same way as the business (non-domestic) rates. After 14 days non-payment of the BID levy, a reminder will be sent giving a further 14 days to pay. If after a further seven days from the payment date stated in the Reminder Notice the outstanding sum of the BID levy has not been paid the Council shall make an application to the Magistrates Court for a Liability Order to recover the outstanding sum of the BID levy.'</i></p> <p>The annual BID levy to be collected for 2016/17 is £85k. As at the time of the fieldwork for this review, there were 95 businesses owing a collective total of £16,104 for their BID levies.</p>	<p>Management should ensure bills are produced and BID levies collected within the timescales set out in the Service Level Agreement. If BID levies are not paid within the permitted timescales as set out within the agreed SLA, arrears processes should be utilised and enforced.</p>
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AUDIT NAME: WASTE MANAGEMENT
DATE FINAL REPORT WAS ISSUED: 10/01/2017
<p>INTRODUCTION</p> <p>The Council's Streetcare Service have worked to increase the Council's recycling rate, which involved (amongst other things) making changes to the way in which recycling and waste is collected.</p> <p>Residents can obtain recycling and food waste bags from a range of locations, including leisure centres, libraries, refuse/recycling lorries or from specific shops/businesses within their local areas. Additionally, residents can request delivery of bags by contacting the Council's Customer Care Service or online.</p>
<p>SCOPE & OBJECTIVES</p> <p>In accordance with the Internal Audit Plan for financial year 2016/17, a review of the distribution of recycling bags was undertaken.</p> <p>To achieve this, the following key objective was identified:</p> <ul style="list-style-type: none"> • To ensure the distribution of dry recycling and food waste bags is efficiently undertaken.
<p>AUDIT OPINION</p> <p>Overall, the control environment in respect of the distribution of recycling bags and food waste bins is considered to be effective with opportunity for improvement.</p> <p>Whilst the intended process of weekly delivery of bags to each of the distribution points throughout Rhondda Cynon Taf was indicated during the review, it was established that this is not the case with deliveries of bags being ad-hoc, resulting in distribution points not being fully stocked with bags.</p> <p>To distribute food waste bins and recycling bags to homes following requests via the Customer Care Service, three officers (one each for Rhondda, Cynon and Taf) are deployed. Delivery locations each day should coincide with the location of the recycling lorries on those days, as these officers are also utilised to replenish the recycling lorries with recycling bags if or when required. However it was found that this process is not working efficiently.</p> <p>Management need to review the processes in place and reconsider the approach in respect of how it distributes recycling bags and bins.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>To distribute recycling bags the Council utilises various locations which include shops, post offices and Council buildings. At the time of the audit there were 182 distribution points advertised on the Council's website.</p> <p>To ensure sufficient stocks of recycling bags are maintained at each distribution point, designated Streetcare staff are utilised to deliver bags to each of these locations.</p> <p>However, it was found during the review that the current processes in place in respect of restocking distribution point locations were not robust. Issues identified included:</p> <ul style="list-style-type: none"> • Distribution points are not stocked up every week. • 21 drop-offs of bags were undertaken in one day although there were 42 distribution points in the area visited. • Some areas have multiple distribution points to get bags from which could be deemed excessive in some cases. <p>It was also found that the Council's website was not accurate with the correct distribution points.</p>	<p>Management should reconsider the processes in place in relation to the distribution of recycling bags.</p> <p>Management should also ensure the Council's website accurately reflects the correct distribution points for recycling bags.</p>
5.1.2 Medium	<p>Following the delivery of bags, Internal Audit visited 11 distribution points in the same area a week later to establish if stock levels were being maintained. From visiting the 11 distribution points, it was found that:</p> <ul style="list-style-type: none"> • 4 distribution points did not have full sets of bags available i.e. either no food or no dry recycling bags. • 1 of the distribution points visited did not receive a delivery the previous week due to the officer responsible for distribution being informed that the centre had a full stock. When the auditor visited a week later, this was found not to be the case and as such the distribution point had not been restocked for at least 2 weeks. • Although some distribution points have signs / notices that state people are limited to 2 rolls, a lack of control / oversight was evident to ensure that visitors complied with this requirement. This was also applicable at Council establishments where opportunity should exist to retain a greater control of stock / distribution. 	<p>Management should reconsider the processes in place in relation to the distribution of recycling bags, as it is evident full sets of recycling bags are not always available at the designated locations.</p> <p>Management also need to ensure that distribution points have greater control over the distribution of recycling bags, especially at the Council's own distribution points.</p>

EDUCATION & LIFELONG LEARNING

AUDIT NAME: DARRAN PARK PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 23/02/2017

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.

Darran Park Primary School was last subject to an Internal Audit Review in November 2012 and this is the third cyclical visit made to the School under the Self Evaluation process.

SCOPE & OBJECTIVES

The checklist for non-chequebook primaries 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 the 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 meal income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the School's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

AUDIT OPINION

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

Safeguarding

The School has a Child Protection Policy which is reviewed annually. All staff received the required DBS checks prior to commencing in post and a record of this is held at the School. Whilst safeguarding training was provided to all staff in November 2016, 3 members of staff were not present according to the

attendance list.

Educational visits are planned and approved using Evolve. The Headteacher currently creates and approves visits (therefore no segregation of duties); however this will be addressed in the Spring Term, as the Headteacher has arranged for all staff to receive training on using Evolve in order for staff to create the visits themselves.

School Private Fund

The appointments to the Management Committee and Auditors are appropriate and in line with the School Private Fund Regulations. The income examined as a sample was appropriately received, recorded and banked. The School Clerk maintains an electronic ledger; however it is not printed monthly for reconciliation purposes. At the time of the fieldwork for this review, a balance was due to be paid to the School Budget Account but had not been actioned. All expenditure examined was appropriate and in line with the Regulations.

Purchase Card

There are 2 purchase cards in use at the School and appropriate transaction logs are maintained for each. All transactions examined were for school purposes and receipts retained for all; however there were no appropriate VAT receipts to support 7 transactions within the sample examined. A log is maintained to record when the cards are used by other staff in the School. No cash is withdrawn.

School Meals

The school meal records are reviewed by the Headteacher on a weekly basis. The income examined as a sample was appropriately received, recorded and banked without delay. There are daily checks to ensure that the meals ordered each morning agree to the number of meals actually served. There are processes in place to pursue school meals arrears and at the time of the review there were no arrears exceeding the 10 meals limit. Free school meal authorisations were present for each of the pupils sampled.

Purchasing

The School have created their own order forms and pay their own invoices using Financials. Testing identified a lack of detail on some of the order forms examined i.e. no order number, date and estimated cost, and on 2 occasions it was identified that the orders were raised prior to being approved by the Headteacher. There were also inconsistencies in demonstrating that delivery notes had been checked to the corresponding orders and a delay in paying 1 invoice.

Data Security & Inventory

The 2016 self-assessment checklist indicates that all key controls in relation to Data Security & Inventory have been met and evidence retained.

Formula Funding

The latest pupil numbers were obtained from Education Finance and compared to the registers at the School. All pupils corresponded. Implementing the recommendations in the report will improve the current levels of control.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should....ensure that 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>Level 1 Safeguarding training was provided to the whole school on 14th November 2016.</p> <p>Whilst a whole school certificate and attendance list was retained, 3 members of staff were not listed on the attendance list.</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> <p>The absent members of staff should receive training immediately.</p>
5.2.1 Low	<p>Appendix 2, Point 1.2 of the School Private Fund Regulations provides instructions on how to maintain a computerised ledger, which includes:</p> <p><i>'At the end of each month the ledger must be printed, reconciled to the bank statements, signed and dated to evidence the reconciliation.'</i></p> <p>The School Clerk maintains an electronic ledger; however it is not printed monthly for reconciliation purposes.</p>	<p>The electronic ledger should be printed monthly for reconciliation purposes in line with Appendix 2 (point 1.2) of the School Private Fund Regulations.</p>
5.2.2 Medium	<p>Point 18 of the School Private Fund Regulations refers to School Budget Income. Point 18.3 states:</p> <p><i>'If the income is banked into the School Private Fund a cheque for the same amount must be promptly raised to the School Budget and clearly annotated on the School Private Fund Records'.</i></p>	<p>Where income is banked into the School Private Fund which is due to the School Budget Account, a cheque for the same amount must be promptly raised to the School Budget Account.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>Examination of the ledger identified that currently there is £3,675.00 waiting to be banked into the School Budget account, which was received between 18th November 2016 and 4th January 2017:</p> <ul style="list-style-type: none"> • £1,950 in respect of Abernant residential trip, which the School Clerk stated will be paid into the budget in February once the final invoice has been received; • £1,600 for staff insurance received on 30th November 2016; and • £125 cheque dated 4th January 2017. 	
5.2.3 Low	<p>Point 3.6 of the School Private Fund Regulations states:</p> <p><i>'Where surplus balances in excess of £10,000 accrue, these should be transferred into an interest-bearing deposit account'.</i></p> <p>The balance of the School Private Fund account as at 30th December 2016 was in excess of £10,000(it is acknowledged that £3,675.00 is to be banked into the School Budget account).</p> <p>Discussions at the time of the review identified that there are currently no arrangements to spend the balance and no deposit account is in use.</p>	The School should establish whether the excess balance in the School Private Fund can be spent in line with the Regulations, or alternatively, transfer the excess to an interest bearing account.
5.3.1 Medium	<p>Purchase Card (School Budget Account) - whilst receipts were present for each of the transactions examined as a sample, there were no appropriate VAT receipts to support the following:</p> <ul style="list-style-type: none"> • 2nd November 2016 - Village hotel - Gross £115.50 - Vat amount £9.25; • 14th November 2016 - Expedia hotel booking - Gross £93.50 - Vat amount £15.58; • 16th November 2016 - Travelodge hotel - Gross £76.00 - Vat amount £12.67; • 13th December 2016 - Farmfoods - Gross £36.00 - Vat amount £6.00; • 13th December 2016 - Travelodge - Gross £82.00 - Vat amount £13.67; • 16th December 2016 - Village hotel - Gross £63.50 - Vat amount £10.58; and • 18th December 2016 - Hilton hotel - Gross £470.40 - Vat amount £78.40. 	<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 supplier's VAT registration number;

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>Note For Audit Committee: The hotel costs were discussed with the Headteacher and these related to staff attending Microsoft Training. Staff then go on to deliver training to other schools in the local area. The Temporary Director, Education & Lifelong Learning has discussed this matter with the Headteacher.</p>	<ul style="list-style-type: none"> • The amount paid for the goods or services; and • The amount of VAT that the supplier has charged. <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 outside the scope for VAT purposes.</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>
5.4.1 Low	<p>Instead of using one of the Council approved methods for placing an official order (i.e. purchase order book, SIMS, e-purchasing), the school have devised their own order forms and pay their own invoices as they have access to Civica Financials system.</p> <p>Several issues were identified with the sample of 5 orders examined i.e. no order numbers, order date and estimated cost not always detailed. It was also identified that 2 of the orders examined were placed prior to being signed as approved by the Headteacher.</p>	<p>The Headteacher should liaise with Education Finance / the Procurement Service to establish the most appropriate and approved ordering system for the School.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.4.2 Low	No delivery note was located for 1 order examined (YPO £163.12) and there was no evidence on another delivery note to demonstrate that it had been checked (Cornerstones £265.00).	All delivery notes should be retained and demonstrate clear evidence of being reconciled to the original order upon receipt of goods (i.e. items ticked and the delivery note signed and dated).
5.4.3 Low	A delay was identified in paying the invoice for Cornerstones - £265.00. The invoice was dated 25 th January 2016 but not paid until 14 th April 2016.	All invoices should be paid without delay.

AUDIT NAME: OUR LADY'S RC PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 01/02/2017

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.

Our Lady's RC Primary School was last subject to an Internal Audit Review in January 2013 and this is the third cyclical visit made to the School under the self evaluation process.

SCOPE & OBJECTIVES

The checklist for non-chequebook primaries 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 meal income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the School's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

AUDIT OPINION

Overall, the control environment at Our Lady's RC Primary School is considered to be effective with opportunity for improvement.

Safeguarding

The School has a Child Protection Policy which is reviewed annually. The Headteacher has been in post since January 2017 and was unsure of the date that safeguarding training was last provided to all staff and whether there was a training record / attendance list held. All staff received DBS checks prior to commencing in post and there was an up-to-date list at the School of staff DBS information.

Payments made to a music tutor were identified; however the School had not completed the required HMRC check as per circular number 60/2015 issued

by the Temporary Director of Education and Lifelong Learning in November 2015 (to establish whether the tutor is deemed as 'employed' or 'self employed'). Where Tutors are deemed as 'employed' they should be included on the payroll rather than paid by invoice.

Currently the Headteacher creates and approves visits on Evolve but would like staff to create visits on Evolve themselves to ensure that there is a segregation of duties. However, training has not yet been arranged. It was also noted that a residential trip for Year 6 was not entered and approved on Evolve 28 days prior to visit (as per the requirements outlined in the 'Planning and Approval of Educational Visits 2013/14' document).

School Private Fund

All appointments made in respect of the Management Committee and Auditors are appropriate, and the Annual Certificate and Summary of Accounts for 2015/16 were completed and submitted to Education Finance by the required date.

All income examined as a sample was appropriately recorded and banked. All expenditure examined was appropriate and the corresponding receipts retained.

The ledger is maintained electronically; however it is not printed monthly in line with the requirements of the School Private Fund Regulations. There are only 2 cheque signatories at present and both signatures are required to authorise a cheque; this could cause delay if one cheque signatory was absent.

Purchase Card

There is an up-to-date transaction log to record all purchases made using the Purchase Card. 19 of the 20 transactions examined as a sample were appropriate (i.e. for school purposes) and appropriate VAT receipts retained (where applicable). It could not be verified if 1 transaction was appropriate as the corresponding receipt was not present (£40.64). The Purchase Card is not shared with other staff within the school nor is cash withdrawn.

School Meals

The school meal records are independently reviewed weekly by the Headteacher. There was £73.60 unbanked dinner money at the School which had not been recorded as received. All income recorded on SIMS for the sample period corresponded to the bank paying in book and the ledger, and is banked at least weekly.

The School Clerk and Cook liaise daily to ensure that the number of meals served agreed to the number originally ordered. There are processes in place to pursue school meal arrears and no pupils exceeded the 10 meal limit at the time of the review. Free school meal authorisations were present for each of the 24 pupils sampled.

Purchasing

The School no longer raise purchase orders. All items are purchased using the Purchase Card. The only invoices that the School receive are for leases / services and no delays were identified in submitting these invoices for payment.

Formula Funding

The latest pupil numbers were compared to the class registers and all details corresponded.

Data Security & Inventory

The School is registered with the Information Commissioner's Office (expiry 9th June 2017). All staff are aware that only authorised software (e.g. USB sticks) are to be used. Back ups are undertaken daily. The School has an inventory; however it is not up-to-date. IT equipment has been marked as property of the School with an indelible pen. No equipment is taken off-site.

Implementation of the recommendations in this report will improve the current levels of control.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should....ensure that 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>Discussions with the Acting Headteacher identified that level 1 safeguarding training was provided to the whole school during the last academic year; however the exact date and whether an attendance list / training record was retained was unknown.</p>	<p>The Headteacher should arrange an up to date safeguarding training session for all staff and ensure that evidence is retained to demonstrate that all staff attended.</p> <p>This could be achieved by developing a central training record to record the date of training and level of attainment alongside individual staff names.</p> <p>This record could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.</p>
5.1.2 High	<p>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.</p> <p>Testing identified that payments are being made to a tutor in respect of Guitar lessons. Discussions at the School identified that the HMRC questionnaire has not been completed.</p>	<p>Before a 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).</p> <p>A HMRC employment status check should be undertaken for the tutor immediately, with evidence retained at the School.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.3 Low	At present, the Headteacher creates and approves visits on Evolve. The Headteacher intends to arrange training for staff so that they are able to create visits on Evolve themselves and therefore ensure a segregation of duties is in place. However this has not yet been arranged.	The School should liaise with the Outdoor Education Advisor to arrange Evolve training for staff.
5.2.1 Low	Appendix 2 (Point 1.2) of the School Private Fund Regulations provides instructions on how to maintain a computerised ledger, which includes: <i>'At the end of each month the ledger must be printed, reconciled to the bank statements, signed and dated to evidence the reconciliation.'</i> The School Clerk maintains an electronic ledger; however it is not printed monthly for reconciliation purposes.	The electronic ledger should be printed monthly for reconciliation purposes in line with Appendix 2(point 1.2) of the School Private Fund Regulations.
5.2.2 Low	At present, there are only 2 cheque signatories for the School Private Fund and both signatures are required to authorise a cheque.	The School should add another cheque signatory to ensure that cheques can always be authorised and issued promptly (in the absence of 'one' signatory).
5.3.1 Low	Purchase Card - no receipt could be located for 1 of the transactions examined as a sample: • 14th September 2016 - Home Bargains - £40.64.	Receipts / confirmation should be retained to support all Purchase Card expenditure.
5.4.1 Medium	There was £73.60 unbanked school meal income at the School at the time of the review, which had not been recorded. Discussions with the School Clerk identified that school meal income received is only recorded on a Monday and Friday.	School meal income should be recorded as and when received.
5.5.1	Whilst the School has an inventory, it is not up-to-date.	A full inventory review should be completed and all new equipment

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low		<p>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>

AUDIT NAME: PONTRHONDDA PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 20/01/2017

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.

Pontrhondda 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 non-chequebook primaries 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 meal income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the School's I.T. equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

AUDIT OPINION

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

Safeguarding

There is a Child Protection Policy in place which is reviewed annually. The School have adopted the RCT Staff Disciplinary procedure. All staff received safeguarding training and the corresponding attendance list was present. All staff received the necessary DBS checks prior to commencing in post and there was a record at the School of all staff DBS details. All educational visits reviewed in our sample were planned and approved using Evolve.

School Private Fund

Appointments in respect of the Management Committee and Auditors are appropriate. The Summary of Accounts was prepared, signed and sent to Education Finance by the required date (31st December); however the Annual Certificate was not submitted until 14th January 2016. All income examined during the sample period of June - September 2016 was appropriately recorded, banked and reconciled with no delays in banking identified. Expenditure was examined between May - July 2016: 5 instances were identified where cooking ingredients were purchased for curriculum related activities and therefore should have been purchased from the School Budget Account. Two occasions were also identified where receipts could not be located to support the purchase of DVDs for a school concert.

Purchase Card

A transaction log is maintained to record details of all purchases made using the card. There were receipts present for each of the 13 transactions examined as a sample. The card is periodically used by other members of staff and there is a log in use to record this. No cash is withdrawn using the card.

School Meals

The school meal income records are reviewed and authorised by the Headteacher. There was £14.80 unbanked dinner money at the School during the review which agreed to SIMS. All income received during the sample period of 10th June - 8th July was reconciled and agreed to the Ledger. Dinner money is banked on a weekly basis. There are daily checks to ensure that the number of meals ordered agrees to the actual number of meals served. There are processes in place to pursue school meals arrears and currently there are no arrears over 10 days (£24). Free school meal authorisations were located for each of the 20 pupils examined.

Data Security

The School is registered with the Information Commissioner's Office. Back ups are undertaken by an external company on a weekly basis. At the time of the fieldwork for the review, the School Clerk was in the process of completing the inventory. Whilst IT equipment is asset registered, it is not marked as property of the School.

Purchasing

The 2016 checklist indicates that all key controls in relation to the Purchasing system have been met and evidence retained.

Formula Funding

The latest pupil numbers were obtained from Education Finance and compared to the registers at the School, and all pupils corresponded.

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

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Low	<p>Point 2.3 of the School Private Fund Regulations states:</p> <p><i>'The Headteacher must ensure that the Annual Certificate and Summary of Accounts is presented to the Governing Body as soon as possible after the end of the school year...The Annual Certificate and the Summary of Accounts must be submitted to the Education Finance Team in Bronwydd House by the 31st December'.</i></p> <p>Whilst the Summary of Accounts was prepared and submitted to Education Finance by the required date, the Annual Certificate was not sent until a later date. (Education Finance confirmed that the Annual Certificate was received on 14th January 2016). In addition the accounts have not yet been approved by the Governing Body.</p>	It should be ensured that both the Summary of Accounts and Annual Certificate are submitted to Education Finance by the required date, i.e. 31 st December.
5.1.2 Low	<p>Examination of the expenditure incurred between May - July 2016 identified 5 instances where cooking ingredients were purchased using school private fund money, totalling £63.79.</p> <p>Discussions with the School Clerk identified that cooking is a curriculum related activity.</p>	Items purchased for curriculum related activities should be purchased from the School Budget Account.
5.1.3 Low	<p>Point 5.1 of the School Private Fund Regulations states:</p> <p><i>'All items of expenditure must be supported by a relevant receipt / invoice as proof of payment. Where, due to exceptional circumstances, it is accepted that 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 (N.B. This should be avoided wherever possible.)'</i></p> <p>Of the 16 purchases examined between May - July 2016, 2 receipts were not located for the following:</p> <ul style="list-style-type: none"> • £60 DVDs (school concert) cheque number 101324 20th May 2016; and • £60 DVDs (school concert) cheque number 101328 6th July 2016. <p>Whilst there was a 'Record of expenditure without receipts' form in use, the above expenditure was not recorded.</p>	All expenditure should be supported by a receipt. Where in exceptional circumstances this is not possible, the expenditure should be recorded on a 'Record of Expenditure Without Receipt' form, and appropriately authorised.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.1 Low	Discussions at the time of the review identified that whilst the School Clerk has started to update the Inventory on SIMS, it is not yet fully completed.	The inventory should be fully completed as soon as possible. Thereafter, the inventory should be updated as and when necessary, i.e. receipt / disposal of items.
5.2.2 Low	Equipment is not marked as property of the School.	All equipment should be adequately marked as property of the School for security purposes.

AUDIT NAME: PORTH JUNIOR SCHOOL

DATE FINAL REPORT WAS ISSUED: 31/01/2017

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 Junior School was last subject to an Internal Audit Review in November 2011 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 primaries 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 are:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal 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 computers are restricted, that computer hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

AUDIT OPINION

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

Safeguarding

The School has a Child Protection Policy in place and this was last reviewed in November 2016 and ratified by the Full Governing Body on 16th January 2017. The policy is scheduled for review and ratification annually. Training undertaken in respect of safeguarding was evident with certificates present. An up to date record of DBS checks was in place. The School use the Evolve system to document and authorise all planned trips.

School Private Fund

Records in respect of the School Private Fund indicate the account is well administered. The Treasurer maintains detailed records, and all income and expenditure transactions had an adequate audit trail. The account is regularly reconciled and income is banked accordingly; however, the School have experienced issues with banking private fund income since the local bank closed resulting in less frequent bankings.

School Meals / Collections & Deposits

Dinner money is updated to SIMS daily and banked promptly twice a week. Details of outstanding monies are reported to Catering Finance on a half termly basis. The School are following the prescribed arrears procedures (as and when required) and review of current arrears identified there are no significant levels of arrears.

Purchase Card

There was a sufficient audit trail in respect of Purchase Card transactions. The records are kept up to date and were evidently reconciled to the Barclaycard system. All the transactions made this financial year have been reviewed and authorised on the Barclaycard system. There is no 'signing in and out' record maintained as the card is not given out to any other members of staff.

Purchasing

The School are utilising the Purchase Card as their primary method of purchasing goods and services.

Formula Funding

Pupil numbers were reviewed and no discrepancies were noted.

Data Security

On review of the latest Self Evaluation Checklist returned in June 2016, the School have an IT policy in place as a guidance document for use of the internet, computers, security issues etc. All data is backed up regularly and off site via a third party provider, and the School renew their annual registration with the Information Commissioner.

Implementation of the recommendation contained within this report will enhance the overall control environment.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	Staff reported that there have been some issues with the banking of private fund income since the local bank closed, with the School Clerk (accompanied on occasions by another member of staff) having to travel to an alternative location. As a result of this, there are security risks for both the income being transported and staff time away from the School.	The Headteacher should consider contacting the Council's Accountancy Service (Bank Reconciliation & System Section) to discuss the possibility of opening a new Private Fund account with an alternative bank.

AUDIT NAME: ST MICHAEL'S RC PRIMARY

DATE FINAL REPORT WAS ISSUED: 24/01/2017

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.

St Michael's RC 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 chequebook primaries 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 meal 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 St Michael's RC Primary School is considered to be effective with opportunity for improvement.

Safeguarding

The School has a Child Protection Policy in place which is reviewed annually. Safeguarding training last took place in September 2016. Whilst there was an attendance list for this training available at the School, 7 members of staff did not sign to confirm they were present (the Headteacher indicated that all staff

attended).

All staff received the required DBS check prior to commencing in post. There is an up to date list of staff DBS details at the School.

All educational visits selected for testing during the fieldwork for this review were recorded on Evolve and appropriately approved by the Headteacher.

School Private Fund

An appropriate Management Committee has been established and 2 independent Auditors appointed. The Annual Certificate and Summary of Accounts for academic year 2014/15 were not submitted to Education Finance until 2nd February 2016. No issues were identified in terms of receiving, recording and banking income, and all expenditure examined was appropriate and in line with the School Private Fund Regulations.

Purchase Card

There is an up to date transaction log in place to record all Purchase Card transactions. Whilst receipts / confirmations were present for each of the 16 purchases examined as a sample, there were no appropriate VAT receipts for 6 purchases. The Purchase Card is not used by other members of staff at the School and no cash is withdrawn.

Delays of over a month were identified in undertaking SIMS cashbook journals.

School Meals

At the time of the review, there was £177.40 unbanked school meal income which agreed to the receipt book. There were no issues in terms of receiving, recording or banking school meal income for the sample period examined. There are appropriate processes in place to pursue schools meal arrears for pupils; however there are arrears in excess of £300 for staff meals for 24 members of staff; 12 of which are no longer at the School. Free school meal authorisations were located for each of the 20 pupils examined.

Purchasing

Each of the 6 orders examined were appropriately authorised by the Headteacher. All orders were raised in advance and demonstrate evidence of being checked to delivery notes and invoices.

An official order should have been raised for each of the 4 non-orders as prior requests would have been known / made.

Budgetary Control

The budget agreed by the Governing Body corresponded to the budget set on SIMS. Whilst the Governing Body have agreed that the Headteacher is able to make virements up to £5,000, audit testing has confirmed that virements are not formally documented.

The latest pupil numbers from Education Finance were compared to the class registers and all pupils corresponded. No issues were identified in terms of receiving, recording and banking income due to the School Budget Account. The bank reconciliation is undertaken by the School Clerk and Headteacher, with bank statements and bank reconciliation statements signed by both.

Data Security

The School is registered with the Information Commissioner's Office (expiry 1st July 2017). Back ups are undertaken daily by an external provider. The School has an inventory which is up to date. All equipment has been marked as property of the School using indelible ink and a record is maintained to document when equipment is removed and subsequently returned to School.

There is no Petty Cash account in operation at the School.

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

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should....ensure that 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>Level 1 Safeguarding training was provided to the whole School in September 2016. An attendance list was retained; however whilst the Headteacher confirmed that all members of staff were in attendance, 7 members of staff had not signed the attendance sheet as evidence of this.</p> <p>There is no central training record in place.</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>
5.2.1 Low	<p>Point 15.1 of the School Private Fund Regulations states:</p> <p><i>'The Annual Certificate and Summary of Accounts is to be returned to the Education Finance Team by 31st December each year.'</i></p> <p>The Annual Certificate and Summary of Accounts for academic year 2014/15 were not completed until 2nd February 2016.</p>	<p>It should be ensured that the Annual Certificate and Audited Accounts are completed and returned to the Education Finance team by the 31st December each year in line with the Regulations.</p>
5.3.1 Medium	<p>Whilst receipts / confirmations were present to support each of the 16 purchase card transactions examined as a sample, there were no appropriate VAT receipts to support the following purchases:</p> <ul style="list-style-type: none"> • 4th September 2016 Amazon £4.99 (VAT 83p); • 4th September 2016 Amazon £9.98 (VAT 1.66); • 12th September 2016 Amazon £27.80 (VAT £4.43); • 20th September 2016 Amazon £14.56 (VAT £2.43); 	<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;

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<ul style="list-style-type: none"> • 23rd September 2016 Amazon £8.00 (VAT £1.33); and • 29th September 2016 Trainline £32.20 (VAT £4.21). 	<ul style="list-style-type: none"> • The amount paid for the goods or services; and • The amount of VAT that the supplier has charged. <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 outside the scope for VAT purposes.</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>
5.3.2 Medium	For all purchase card transactions made in September 2016 (15 in total), cashbook journals were not completed until 23 rd November 2016.	Cashbook journals should be undertaken without delay to ensure that SIMS is as up to date as possible and can provide an accurate reflection of the School's budgetary position at any given time.
5.4.1 Medium	Currently, there are £322.17 school meal arrears relating to 24 members of staff (as listed on SIMS). However, 12 of those listed no longer work at the School, whose arrears total £125.47.	<p>All income due for staff meals should be pursued immediately.</p> <p>All staff meals should be paid for at the time of being taken.</p>
5.5.1	An official order should have been raised for each of the 4 non-orders examined as a sample, as	An order (confirmation if made by

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Medium	<p>a prior request / need would have been known:</p> <ul style="list-style-type: none"> • 26th May 2016 - Flagpole Express - £256.28; • 27th May 2016 - School's direct supplies - £49.18; • 28th June 2016 - Goodnews books - £108.00; and • 18th July 2016 - Incerts - £132.00. 	<p>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>
5.6.1 Medium	<p>Whilst the Governing Body has agreed that the Headteacher is able to make virements up to £5,000, there is no formal record of virements undertaken and therefore no evidence to demonstrate that the virements were approved by the Headteacher.</p>	<p>Any budget amendments should be formally recorded, authorised and retained at the School.</p> <p>The School have been provided with a proforma to record such instances.</p>

AUDIT NAME: YGG LLANTRISANT

DATE FINAL REPORT WAS ISSUED: 19/01/2017

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.

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

SCOPE & OBJECTIVES

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

AUDIT OPINION

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

Safeguarding

The School has a Child Protection Policy which is reviewed annually. The last safeguarding training held at the School was on 11th April 2016; however not all members of staff were in attendance. All staff received the required DBS checks prior to commencing in post and there is a record at the School of staff DBS details. All educational visits reviewed as part of the sample examined were appropriately planned and approved on Evolve.

School Private Fund

An appropriate Management Committee has been established. At the time of the fieldwork for this review, the accounts for 2015/16 were being audited. The 2014/15 accounts were appropriately prepared, audited and submitted to Education Finance by the required date. No issues were identified when examining the income received and banked during the sample period.

A sample of 21 purchases was examined. All expenditure was appropriate. There were receipts to support 20 purchases and the remaining 1 was recorded and approved on a 'Record of Expenditure Without Receipt' form. At the time of the review, there were 2 cheque signatories for the School Private Fund, both of which are required to sign to authorise a cheque. It is acknowledged that the Headteacher intends on reviewing existing signatories and adding an extra signatory once a Deputy Headteacher has been appointed.

Purchase Card

All transactions made using the Purchase Card are recorded on a transaction log. All 22 transactions examined as a sample were appropriate and supported by receipts / invoices. However instances were identified where either a VAT receipt was not present to support the VAT detailed on the Barclays system (which will subsequently be reclaimed by the School) or the VAT on the system did not correspond to the receipt / invoice.

There is a 'signing in / out' document in place to record when the card is used by other staff to make purchases on behalf of the School.

School Meals

The income records are independently reviewed by the Headteacher. All income received and banked during the 4 week sample period was appropriately recorded and banked. There are daily checks to ensure that the number of meals ordered and served corresponds. The School Clerk has a process in place for pursuing school meal arrears. Free school meal authorisations were present for each of the pupils selected as part of the sample.

Data Security

The School is registered with the Information Commissioner's Office (expiry 24th March 2017). Back ups are undertaken by the Council. The Inventory is on SIMS and is up to date. Whilst equipment is asset registered, it is not marked as property of the School.

Purchasing

The 2016 checklist indicates that all key controls in relation to the Purchasing system have been met and evidence retained.

Implementation of the recommendations in the report will improve the current levels of control at YGG Llantrisant.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should...ensure that 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</i></p>	<p>It should be ensured that the members of staff who were not in attendance at the last training session receive up to date safeguarding training as soon as</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p><i>responsibilities for child protection effectively, which is kept up to date by refresher training'</i></p> <p>Safeguarding training was last provided on 11th April 2016. However, when comparing the attendance list to the list of staff obtained from Vision, it was noted that 7 members of staff were not present.</p>	possible.
5.2.1 Low	<p>There are currently 2 cheque signatories for the School Private Fund and both signatures are required to authorise a cheque.</p> <p>It is acknowledged that the Headteacher intends on reviewing the signatories in place further to a new Deputy Headteacher being appointed.</p>	The School should ensure that a third cheque signatory is included as soon as possible to ensure that cheques can be authorised and issued promptly (in the absence of 'one' signatory).
5.3.1 Low	<p>Whilst there were receipts / invoices present to support each of the 22 purchase card transactions examined as a sample, 4 instances were identified where there was either no VAT receipt to support the VAT element as detailed on the Barclays system or an error in how items were coded on the Barclays system:</p> <p>Transaction date 6th May 2016 - Paypal</p> <ul style="list-style-type: none"> • Gross amount £7.80. • VAT amount on Barclays £1.30. • Confirmation present to support the Gross amount but no VAT detailed on the confirmation. <p>Transaction date 9th May 2016 - Screwfix direct</p> <ul style="list-style-type: none"> • Gross amount £45.99. • VAT amount on Barclays £7.67. • Invoice present which states exempt, i.e. 0%. <p>Transaction date 18th May 2016 - Rowlands Music</p> <ul style="list-style-type: none"> • Gross amount £7.64. • VAT amount on Barclays £1.27. 	Care should be taken to ensure that the VAT is correctly accounted for on the Barclays system, and that VAT receipts are obtained.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<ul style="list-style-type: none"> It was evidenced from the corresponding invoice that the gross amount is split between the item purchased, shipping fee and handling fee. 2 of the 3 lines were plus VAT, 1 was not. However as each line was not split on the Barclays system, the whole amount was treated for VAT. <p>Transaction date 19th May 2016 - Paypal</p> <ul style="list-style-type: none"> Gross amount £1.96. VAT amount 33p. Confirmation printed to support the gross amount but no VAT detailed. 	
5.4.1 Low	Equipment has not been marked as property of the School.	All equipment should be marked as property of the School. This could be achieved by using, for example, an indelible pen.

WHOLE AUTHORITY ARRANGEMENTS
AUDIT NAME: OPERATIONAL RISK MANAGEMENT
DATE FINAL REPORT WAS ISSUED: 10/01/2017
<p>INTRODUCTION</p> <p>The aim of the Council's Risk Management Strategy is to set the overall purpose and framework for risk management within the Council. In setting the overall framework, the Strategy provides the Council's definition of risk and also identifies two specific 'thresholds' put in place to make it clear how risk management should be applied at different levels of the Council's business:</p> <ul style="list-style-type: none"> • <u>Strategic Risks</u> – risks the Council faces when delivering its Corporate Plan priorities, as approved by Council on 24th February 2016. • <u>Operational Risks</u> – risks associated with the delivery of service objectives, as set out within Service Delivery Plans. These risks are monitored by Service Delivery Plan owners as part of the operational management of services. <p>At the time of the audit review there were 29 Service Delivery Plans identifying 328 risks.</p>
<p>SCOPE & OBJECTIVES</p> <p>In accordance with the agreed Internal Audit Plan for 2016/17, a review of the Council's Operational Risk Management arrangements was undertaken. Audit testing was carried out on the 29 Service Delivery Plans in place as at 30th April 2016.</p> <p>The specific objectives of the review were to ensure that:</p> <ul style="list-style-type: none"> • All Service Delivery Plans clearly identify the risks to the achievement of specific objectives and detail corresponding actions to mitigate those risks.
<p>AUDIT OPINION</p> <p>The overall control environment in relation to the Council's Operational Risk Management arrangements is considered to be effective with opportunity for improvement.</p> <p>The Risk Management Strategy sets out the framework and expectations for Managers to follow. It is designed to ensure that sound risk management practices are in place, including processes to identify, assess and manage risk on an ongoing basis.</p> <p>The Risk Management Toolkit is a more detailed document designed to help and support officers at all levels across the Council to undertake these processes in a consistent manner. Whilst the framework is considered sufficient, the application of the required arrangements in respect of operational risks requires improvement.</p> <p>This audit has identified that not all Managers are identifying and recording risks and/or the actions to mitigate risks in accordance with the Council's Risk Management Toolkit. This has implications in respect of each Service's ability to demonstrate that risks to the achievement of operational priorities are being managed. This report recommends that all Managers are reminded of the importance of doing so and that Service Delivery Plans for 2017/18 incorporate operational risks in accordance with the required format.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>At the time of the audit there were 29 Service Delivery Plans in place, collectively identifying 328 operational risks in the 2016/17 Delivery Plans.</p> <p>The Risk Management Toolkit provides guidance in respect of the required process to be used when identifying and recording risk. The Council's recommended format is to use 'if' and 'then' statements. Using this format helps a risk description to be clear and precise. For example:</p> <p><i>If the financial settlements from the Welsh Government continue to mean significant reductions in funding year on year then the rate at which the Council will need to implement changes to bridge the budget gap over the medium term will need to be accelerated.</i></p> <p>From a review of the Service Delivery Plans, instances of good practice were identified insofar as this process was being followed. Examples include Adult Services and Partnerships and Collaboration. In other areas such as Accountancy Support and Operational Finance while the 'if' and 'then' approach was not specifically followed, risks had been adequately identified.</p> <p>However, for a number of Service Areas there was an inadequate description of the risk and the narrative provided more of a statement than a definition of what could happen e.g. - 'resources', 'ad hoc queries', 'low staff morale', 'financial constraints'.</p>	<p>Managers should aim to use the 'if' and 'then' statement to ensure that when a risk has been identified, the description is clear and precise. This will also allow for a more meaningful action to follow to mitigate the risk occurring.</p>
5.1.2 Medium	<p>Of the 328 risks recorded in the Service Delivery Plans, 20 occasions (across 6 Service Delivery Plans) were noted where no corresponding action to mitigate the risk was shown and the column had been left blank.</p>	<p>All Managers should be reminded of the requirements of the Risk Management Toolkit whereby all operational risks should be identified and a corresponding action shown for Managers to 'manage'. All Service Delivery Plans should be updated to incorporate this information.</p>
5.1.3 Medium	<p>Examination of the Service Delivery Plans identified occasions where the designated risk sections had not been completed against specific priorities.</p> <p>8 occasions were identified where a priority was listed but the risk sections were blank. In such instances</p>	<p>Managers should ensure that all Service Delivery Plans are fully and accurately completed. All</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	it is not clear whether the template is incomplete or there is no risk to include.	appropriate columns and references should be filled in and if there is no risk associated with a priority then this needs to be clearly documented, to avoid confusion.