

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**  
**MUNICIPAL YEAR 2017/18**

**COMMITTEE:**

**AUDIT COMMITTEE**

**17<sup>th</sup> July 2017**

<b>Item No. 5</b>
<b>Finalised Audit Assignments</b>

**REPORT OF:-**

**GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES**

Author: Marc Crumbie (Head of Internal Audit & Procurement Delivery Programme)  
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**1. PURPOSE OF THE REPORT**

This report provides Members with a summary of audit assignments completed between 8<sup>th</sup> March and 4<sup>th</sup> July 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. AUDIT COMMITTEE TERMS OF REFERENCE**

3.1 The Audit Committee Terms of Reference (Point C) requires it to '*Review, scrutinise and issue reports and recommendations in relation to the Authority's financial affairs, and providing the opportunity for direct discussion with the auditor(s) on these*'.

3.2 In line with this requirement Appendix 1 provides a summary of the audit assignments completed between 8<sup>th</sup> March and 4<sup>th</sup> July 2017. Members will note that the summary provides for each assignment 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 To help ensure Audit Committee effectively discharges the responsibility as set out in its Terms of Reference (and replicated at point 3.1 above), Members

may wish to consider the principles noted below in addition to their own lines of enquiry:

- Does the Audit Opinion answer the audit scope?
- Is the overall conclusion made by Internal Audit for each audit assignment reasonable / backed up by the findings reported?
- Are the recommendations made by Internal Audit likely to support the necessary improvement in internal control?

3.4 Members will also note that the update incorporates finalised assignments from the 2016/17 audit plan; no audits from the 2017/18 audit plan have been finalised to date.

#### **4. SUMMARY**

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

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

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**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**  
**17<sup>th</sup> July 2017**

**Report of the Group Director, Corporate & Frontline Services**

Author: Marc Crumbie (Head of Internal Audit & Procurement Delivery Programme)

<b>Item</b>	<b>File Ref:</b>
5. Finalised Audit Assignments	IA / MC

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## **APPENDIX 1 – FINALISED AUDIT ASSIGNMENTS**

<b>CHIEF EXECUTIVE</b>
<b>AUDIT NAME: MANAGEMENT OF SICKNESS ABSENCE IN SCHOOLS</b>
<b>DATE FINAL REPORT WAS ISSUED: 11/04/2017</b>
<p><b>INTRODUCTION</b></p> <p>The management of sickness absence is a high priority and with effect from the 1st September 2015 a new Absence Management Policy was introduced. To deal effectively with sickness absence, managers, employees and their representatives need to work together to ensure that sickness absence is monitored and managed so that there is fair and consistent treatment of all Council employees.</p> <p>The aim of the Policy is to help minimise disruption to work, whilst at the same time treating all employees fairly. Every employee must be made aware of their obligations under the Policy, as failure to comply with its requirements could result in a loss of pay and may lead to disciplinary action.</p>
<p><b>SCOPE &amp; OBJECTIVES</b></p> <p>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 to manage staff absence. The scope of this review focussed specifically on sickness absence within schools.</p> <p>The objectives of the review were to ensure that Headteachers are managing sickness absence in accordance with the Absence Management Policy, in particular:</p> <ul style="list-style-type: none"> <li>• To review areas where non-compliance seems to be persistent and speak with Headteachers in order to determine any root causes for non-compliance with the Council's Policy.</li> <li>• To identify any mismatch between what is recorded on the Council's Vision system and what has happened locally in regard to managing employee absence.</li> </ul>
<p><b>AUDIT OPINION</b></p> <p>Overall the control environment in respect of the management of staff sickness absence across the sample of schools selected is considered to be insufficient and requires improvement.</p> <p><b>Policy &amp; Training</b></p> <p>The Absence Management Policy and accompanying guides for Managers and Employees are in place which aims to ensure that all employees are treated in a consistent, fair, sympathetic and equitable manner. These documents apply to all staff (i.e. school based and non-school based staff).</p> <p>Whilst those Managers that are not based within a school environment have received training in respect of the requirements of the Policy, no formal training has yet been delivered to Headteachers and/or relevant school staff. Additionally, at present, the absence policy / guides can only be viewed on Inform and RCT Source, systems which Schools do not routinely access / do not have access to. It is noted however, that system training, including absence is provided to all Headteachers and relevant school staff, with regards to updating the Council's Vision system.</p> <p><b>Sickness Absence Management - Compliance</b></p>

All instances of sickness absence should be recorded on the Vision system.

**Timeliness of Updating Vision:**

Testing of a sample of sickness absences from different schools recorded on the Vision system identified that:

- Vision is not always promptly updated with Day 1 absence information.
- Vision is not always promptly updated with the end of sickness information.
- SA3 forms (i.e. Self-Certification Form) are not always submitted to the Payroll Service to support absences.
- Return to work interview dates are not always recorded on Vision.

**Managers' Homepage**

When Managers log onto the Vision system they are greeted with their homepage which highlights all outstanding tasks. This review has confirmed that Headteachers (or designated staff within schools) are not routinely reviewing and taking the necessary action in respect of outstanding tasks that are required when effectively managing the absence of staff. For example:

- Outstanding notifications (between September 2016 to 11th January 2017):
  - 101 outstanding day 4 notifications at 37 schools.
  - 125 outstanding day 7 notifications at 45 schools.
  - 64 outstanding day 14 notifications at 36 schools.
- Outstanding Actions in respect of Triggers:
  - Trigger – 3 Sickness occasions in 12 months -  
56 schools had this trigger unresolved and the total number of occasions amounted to 415.
  - Trigger – 10 Sickness days in 12 months -  
53 schools had this trigger unresolved and the total number of occasions amounted to 405.
  - Trigger – 14 days of consecutive absence –  
63 schools had this trigger unresolved and the total number of occasions amounted to 152.

**Recording Sickness Absence in Vision**

A report of all sickness absence in schools was produced for October 2016. It was established that sickness can vary significantly between schools for example:-

- 10 primary schools reported no sickness absence.
- 14 primary schools each reported 1 single sickness absence.
- 1 primary school reported 16 absences.
- 1 comprehensive school reported 2 absences.
- 2 comprehensive schools each reported 23 incidents.

Schools reporting low or no absence stated that sickness is not always being updated onto Vision or the sickness may be updated on block, typically towards the end of a half term / term.

One Primary School has not updated Vision with sickness absence since 22/9/2015.

In order to improve the management of sickness absence within Schools, it is imperative that Headteachers begin to familiarise themselves of the required procedures to follow. Whilst the emphasis of the recommendations within this report is placed upon the Human Resources Service to discuss with Headteachers, the responsibility for ensuring compliance is that of each Senior Leadership Team of each School.

**SUMMARY OF RECOMMENDATIONS:**

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.1  High	<p>The Human Resources section has developed a Sickness Absence Policy and comprehensive Absence Management Guides.</p> <p>Headteachers / Schools have not received any training on the policies / documents and they are only available to view on Inform and the Source, systems that Schools do not routinely have access to.</p>	<p>All Headteachers / schools should receive full sickness absence training.</p> <p>Consideration should be given to how staff in Schools can access the Absence Management Policies / Guides, to help ensure that all employees are treated in a consistent, fair, sympathetic and equitable manner.</p>
5.1.1  Medium	<p>Examination of a sample of 20 sickness absences recorded in Vision identified:-</p> <ul style="list-style-type: none"> <li>• 4 occasions where the delay in inputting the 1st day of sickness was over 10 days;</li> <li>• 8 occasions where the delay in inputting the end sickness date was over 10 days; and</li> <li>• 3 occasions where the end date on Vision was entered the same day as the sickness ended.</li> </ul>	<p>Headteachers should be reminded that:</p> <ul style="list-style-type: none"> <li>• Vision should be promptly updated to reflect all new staff sickness absence / staff returning from sickness.</li> <li>• The sickness end date on Vision should be entered on the system when staff physically return to work.</li> </ul>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.2 Medium	<p>It was established that SA3 forms for 4 of the 20 absences sampled had not been received by the Payroll Service. The schools where the forms had not been received were contacted: one school stated they had sent it to the Payroll Service and the other schools indicated that they were not aware the forms needed to be provided and were being retained by the schools.</p> <p>In addition, it was established that the Payroll Service do not always request missing SA3 forms from managers to support sickness absence recorded on the Vision system.</p>	<p>The Payroll Service should ensure that all SA3 forms are received to support staff sickness absence.</p> <p>All Managers should be informed / reminded that all SA3 forms have to be submitted to the Payroll Service to support all staff sickness absence.</p>
5.1.3 Medium	<p>For 15 of the 20 absences sampled it was established that the return to work interview date had not been recorded in Vision.</p> <p>3 of the 15 schools where the return to work interview date had not been recorded on Vision were contacted: two school clerks stated they were not aware that the dates needed to be recorded and the other had forgotten to update the information.</p>	<p>During or immediately after the Return to Work interview Vision should be updated.</p>
5.1.4 Medium	<p>For each sickness absence, Vision needs to be updated with information which includes the :-</p> <ul style="list-style-type: none"> <li>i. start date,</li> <li>ii. end date,</li> <li>iii. self certification (SA3) information, and</li> <li>iv. the return to Work interview date.</li> </ul> <p>If any of the stages i to iii are not completed, Vision flags this; however stage iv is not flagged as needed to be completed.</p>	<p>Management should investigate the potential for outstanding return to work interviews to be 'flagged' on a Manager's Homepage.</p>
5.1.5 High	<p>The Manager's homepage on Vision highlights all outstanding tasks to be undertaken by the responsible officers at each school.</p>	<p>Headteachers should be reminded that all outstanding triggers on their The Vision Homepage needs to be</p>



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>A report of the Managers (all school based) homepages produced from Vision on the 11/1/2017 identified the following unresolved triggers:-</p> <p><u>Trigger – 3 sickness occasions in 12 months</u> 56 schools had this trigger unresolved and the total number of occasions amounted to 415.</p> <p><u>Trigger – 10 sickness days in 12 months</u> 53 schools had this trigger unresolved and the total number of occasions amounted to 405.</p> <p><u>Trigger – 14 days of consecutive absence</u> 63 schools had this trigger unresolved and the total number of occasions amounted to 152.</p>	<p>resolved immediately and in conjunction with the Absence Management Policy.</p> <p>Thereafter, Headteachers should ensure that all triggers on the Vision homepage are resolved promptly.</p> <p>If Headteachers are unsure of how to resolve triggers, they should contact Human Resources for assistance.</p>
5.1.6  High	<p>The Managers homepage also highlights the notifications outstanding for sickness absence reaching day 4, 7 and 14. A report from September 2016 to the 11th January 2017 identified that there were:</p> <ul style="list-style-type: none"> <li>• 101 outstanding day 4 notifications at 37 schools.</li> <li>• 125 outstanding day 7 notifications at 45 schools.</li> <li>• 64 outstanding day 14 notifications at 36 schools.</li> </ul>	<p>All Headteachers should be reminded of the requirement to ensure compliance with the Policy and update Vision when notification is made.</p>
5.2.2  High	<p>Interrogation of Vision for the month of October 2016 identified varying levels of sickness at schools, for example:</p> <ul style="list-style-type: none"> <li>• 10 primaries recorded no incidents.</li> <li>• 14 primaries each recorded 1 incident.</li> <li>• 1 comprehensive recorded 2 incidents.</li> <li>• 1 primary recorded 16 incidents.</li> <li>• 2 comprehensives each recorded 23 incidents.</li> <li>• 1 special school recorded 35 incidents.</li> </ul> <p>A sample of schools with low / no sickness were contacted to establish whether sickness is being</p>	<p>Management should remind all Headteachers / Officers responsible for updating Vision that sickness absence should be updated as soon as it is reported to ensure that the system contains accurate / up to date information.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>updated onto Vision.</p> <p>Some schools confirmed that Vision is not always promptly updated and at 2 Comprehensive Schools it was identified that Vision did not contain accurate sickness information. In addition, two Primary Schools have not updated Vision with sickness absence since 22/9/15 and 16/5/2016 respectively.</p>	

**AUDIT NAME: VIBRANT AND VIABLE PLACES**

**DATE FINAL REPORT WAS ISSUED: 31/03/2017**

**INTRODUCTION**

Welsh Government's Regeneration Framework Vibrant and Viable Places (VVP), was launched in March 2013 as a result of a review of approaches to regeneration in Wales.

Tackling Poverty is a priority for Welsh Government and the VVP framework supports this agenda, setting out its vision that everyone in Wales should live in well connected vibrant, viable and sustainable communities with a strong local economy and good quality of life.

Some of the Key aims of the scheme are to:

- Revitalise sustainable development of settlement areas;
- Build sustainable and vibrant communities; and
- Tackle poverty by creating new jobs by helping people into work.

In July 2013, Cabinet approved that Pontypridd would be the focus of regeneration investment due to the potential of the area in terms of economic growth and providing a catalyst for future prosperity. The overall grant is made up of 7 individual schemes as follows:

- Vacant to Viable - Opportunities provided by the previously untapped housing market in Pontypridd town centre by renovating vacant space above retail premises to address the shortage of one and two bedroom housing units.
- Homestep Plus - Help people on low incomes to own their own homes by enabling Housing Associations to purchase empty properties in the Pontypridd area and refurbishing them and then subsequently selling them to Homestep applicants on a 30% / 70% equity basis.
- Heat & Save Ponty - Delivering a domestic energy scheme to the Pontypridd settlement. VVP funding will be used to fund a boiler replacement scheme as well as secondary energy measures.
- Building in the "bwl" – Developing detailed baseline information for the unused land at the former Lady Windsor Colliery site to develop houses, with a focus of making 30% of 100 units affordable.
- YM Centre of Creativity & Wellbeing – Create an integrated art, leisure and community hub at the Pontypridd YMCA. The project will assist in making the YMCA building fully accessible; rationalising the use of internal spaces; creating new and improved facilities; and creating a suite of dedicated arts facilities for Artis Community. Rentable space will be made available to voluntary and creative sector agencies and businesses.
- Regenerating the Taff Vale Site – Drive the regeneration of the Taff Vale site in the heart of Pontypridd town centre.
- Pontypridd Townscape Enhancement Programme+ - Deliver improvements to commercial properties to enhance the towns businesses and improve the quality of buildings within the town.

Since April 2014 Welsh Government has approved funding to the value of £6.678million for the Pontypridd area. This scheme finished at the end of March 2017.

**SCOPE & OBJECTIVES**

In accordance with the Internal Audit Plan for financial year 2016/17 agreed by Audit Committee, a review of the targeted outputs of the Vibrant & Viable Places grant funded scheme was undertaken. Audit testing verified evidence to support the reported outputs as per the grant Terms & Conditions.

The specific objective of the review was to:

- Ensure that outputs have been met and that sufficient and accurate records of evidence are available for the claim paid for the period October to December 2016.

#### AUDIT OPINION

Following review of the evidence to support the outputs claimed during the quarter 3 of 2016/17, this review concludes that the control environment is considered to be effective.

This review solely related to the substantiation of evidence to support the outputs for two schemes namely 'Heat & Save Ponty' and 'Pontypridd Townscape Enhancement' which were included in the claim for the period 1st October – 31st December 2016.

#### Evidence

Overall the quality of the evidence reviewed was sound. However, for one of the outputs it was considered the evidence obtained / provided could be improved.

Whilst the evidence obtained to support the creation of a new job satisfies the requirements of the grant Terms & Conditions issued by the Welsh Government i.e. letter from company stating that a job has been created; Internal Audit has recommended that more substantial evidence should be obtained (i.e. payslips for example).

It is however recognised that sometimes it is /can be difficult to obtain adequate evidence especially from third parties.

#### SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1  Low	<p>The review concentrated on the evidence available to support the outputs in the claim for the period 1st October to 31st December 2016.</p> <p>For one output, the creation of jobs, whilst the evidence available satisfies the requirements of the Terms &amp; Conditions, it is the opinion of Internal Audit that this could be further substantiated by more robust evidence in the form of, for example, payslips.</p>	<p>The Programme Officer / Project Manager(s) should consider if the evidence for the output could be further improved and revisit all outputs claimed.</p>

## COMMUNITY & CHILDREN'S SERVICES

### AUDIT NAME: CONTRACT MANAGEMENT OF INDEPENDENT FOSTERING AND RESIDENTIAL PLACEMENTS

DATE FINAL REPORT WAS ISSUED: 17/05/2017

#### INTRODUCTION

Under the Social Services and Well-being Act (Wales) 2014, the Council supports children to live within their own families as long as it is safe for them to do so, and work with families to overcome the difficulties they are having so that whenever possible, their children can return home. However, if it is not safe or not possible for a child to stay in the family home, Children's Services will make arrangements for them to be looked after by the local authority.

Children becoming looked after or being in care means the Council is responsible for who looks after them and where they live.

Where children live while being looked after depends on their individual situation and what is happening in their life. Wherever it is possible and safe to do so the children should live near their home in Rhondda Cynon Taf.

There are a number of options where children will live, for example, children may be placed with:-

- A foster family/carers, either through a foster carer appointed by the Council or via a foster carer managed by an independent provider.
- A Residential Homes (3 homes in RCT) or an independently run Children's residential home.

#### SCOPE & OBJECTIVES

The primary purpose of the audit review is to provide management with an opinion on the adequacy and effectiveness of the contract management arrangements in respect of those placements administered via independent providers. The objectives of the review are to ensure that:

- There is evidence to support the decisions for placing children in independent foster care or residential homes.
- All additional costs for placing children at independent foster care or residential homes are appropriately approved and monitored.

#### AUDIT OPINION

Overall the control environment in respect of the contract management of independent fostering and residential placements across a sample of children selected is considered to be insufficient and requires improvement.

##### Identifying and allocating a placement

For the sample selected, placements were always initially advertised to framework providers on the Children's Commissioning Support Resource (CCSR) computer system and where a place wasn't available it was correctly re-advertised on CCSR to allow non framework providers to apply.

Where children have been placed, a formal contract should be developed between providers and Children's Services. It was established that contracts are not always prepared and issued, they are not always signed and returned by providers and unreturned contracts are not routinely pursued.

The team of three officers responsible for all placements, including contracts, invoices and monitoring visits, have been based in the Ty Trevithick (Abercynon) offices since September 2016; their line manager is based in the Ty Catrin (Pontypridd) offices. Management should consider physically locating the team and line manager together; increased management support may help address the findings / recommendations within this report.

### Monitoring of Outcomes

During 'normal office hours' it was established that a Social Worker will request a placement via the central team based in Ty Trevithick. The Social Worker will make the request based upon the specific needs of a child. Where additional services are required through the placement, these will be recorded as outcomes on the Placement Option Form with the Form being approved by the Service Manager and subsequently authorised by the Service Director of Children's Services.

This review has identified a lack of routine review in respect of whether these outcomes are being delivered. Service Area Managers who are responsible for allocating and monitoring the workloads of Social Workers have confirmed that the monitoring of whether outcomes are being delivered by the appointed independent providers is not routinely covered during Social Worker visits with the children.

At the time of the audit fieldwork, the responsibility for monitoring the delivery of outcomes in respect of these placements was identified as being that of the central team based in Ty Trevithick. These members of staff are not qualified Social Workers and indeed they do not have a systematic arrangement in place whereby outcomes are monitored for all placements. Contract monitoring by the central team usually occurs on a reactive basis.

This report recommends that when Social Workers are undertaking their reviews with the children and provider, that all intended outcomes of that placement are reviewed and recorded at the same time.

### SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1  Medium	<p>Placement Options Forms were introduced by the service on 19/1/2015 for designated officers to sign / make comment to support them agreeing to a placement.</p> <p>For a sample of 10 Fostering and 12 Residential placements it was established that the Placement Options only applied to 9 (4 fostering and 5 residential placements).</p> <p>Examination of these Placement Option Forms established that they hadn't always been completed with comments / signed in full by the Social Worker, Team Manager, Service Manager or Head of Service, for example, Fostering placements -                      XX – comments added and form signed by the Service Manager; however the provider had not been selected from the two options available.                      YY - form contained comments from the Social Worker and the Service Manager, and was only signed by the Service Manager.</p>	<p>The Placement Option Forms should be completed in full for all new placements with independent providers.</p> <p>Management should review each independent fostering and residential placement to ensure it is still applicable and should continue.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.2  High	<p>When a Child Looked After is placed with an independent Foster Care provider or residential setting, an Individual Placement Contract should be developed highlighting the aims of the placement and key contacts. This contract should be signed by the provider and the Director of Children's Services to support the services to be provided / requested.</p> <p>For a sample of 10 Fostering and 12 Residential placements it was noted that:- No contracts developed for 4:</p> <p><b>Fostering</b></p> <ul style="list-style-type: none"> <li>- A, placement start date August 2013</li> </ul> <p><b>Residential</b></p> <ul style="list-style-type: none"> <li>- B placement start date January 2014</li> <li>- C placement start date February 2016</li> <li>- D placement start date March 2016</li> </ul> <p>11 of the 18 contracts issued had not been signed / returned by the providers:</p> <p><b>Fostering</b></p> <ul style="list-style-type: none"> <li>- E issued June 2014</li> <li>- F issued August 2016</li> <li>- G issued October 2016</li> <li>- H issued October 2016</li> </ul> <p><b>Residential</b></p> <ul style="list-style-type: none"> <li>- I issued October 2016</li> <li>- J issued June 2014</li> <li>- K issued September 2012</li> <li>- L issued February 2015</li> <li>- M issued February 2016</li> <li>- N issued August 2016</li> <li>- O issued October 2015</li> </ul>	<p>Management should ensure that all children placed with independent foster care providers have Framework Individual Placement Contracts which have been developed promptly and agreed by both parties.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>Contracts had not always been promptly prepared and issued, for example:</p> <ul style="list-style-type: none"> <li>- P contract issued 1/8/2016 admission date 28/3/2016.</li> <li>- Q contract issued 17/10/2016 admission date 25/8/2016.</li> </ul>	
5.1.3 Medium	<p>When a child is placed in a setting a Service Manager / Team Manager occasionally states on the placement option form that the placement is to be reviewed within a period of time, for example, the Service Manager stated on the Placement Options form that the agreement of the Solo fostering placement for XX was for one month only to be reviewed in 4 weeks.</p> <p>However, The Contracts Monitoring Officer stated that a contract cannot be developed for a fixed period of time – it has to run for the foreseeable future.</p>	Management should ensure that when a review period has been highlighted on a placement option form the review actually takes place to establish whether the placement is appropriate.
5.2.1 High	<p>Service Area Managers who are responsible for allocating and monitoring the workloads of Social Workers have confirmed that the monitoring of whether outcomes are being delivered by the appointed independent providers is not routinely covered during Social Worker visits with the children.</p> <p>At the time of the audit fieldwork, the responsibility for monitoring the delivery of outcomes in respect of these placements was identified as being that of the central team based in Ty Trevithick. However, it was established that this task is only typically undertaken on a reactive basis where issues have been raised.</p>	When undertaking their routine visits with children placed with Independent Foster Care providers, the Social Workers should ensure that they monitor and check that all outcomes associated with the placement are being delivered.
5.2.2 High	<p>There is no formal review / challenge / evidence of all Solo fostering and residential placements with additional costs by Service Managers to establish whether the placement is achieving its goals and should continue.</p> <p>From the Solo fostering sample it was noted that two children had been placed when they were 9 and 10 years old and these placements have continued for over 6 and 7 years respectively.</p> <p>Service Managers indicated that they are not always aware of the contents of contracts (particularly if there are service provision changes) and they do not receive / authorise the invoices from providers.</p>	Service Managers should be aware of the contents of each child's contract throughout their placement.



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		Service managers should formally review, challenge and authorise each placement on a periodic basis to ensure that it is achieving its goal. If considered necessary Service Managers should amend / call notice on placements.
5.2.3 High	<p>When a child is placed with an independent provider the initial price charged continues for the duration of the placement unless there are service provision changes.</p> <p>For 1 of the placements sampled it was established that in 2009 XX was placed with a foster provider at a cost of £1,743 per week; if a like for like placement was made today the cost would be £1,449 per week, equating to a potential annual saving of £15,288 (subject to the placement being appropriate).</p>	Management should review all placements to establish whether the weekly costs currently paid are higher than a new placement fee. If so, Management should try to negotiate a lower price.
5.2.4 High	<p>When children have been placed with an independent Fostering or Residential provider there may be a risk the placement breaks down and the child needs to be placed elsewhere.</p> <p>In the event that a placement breaks down, the provider works in consultation with the Council to establish an alternative placement. Currently the placement is not re-advertised via CCSR and / or the Council's internal bank of foster carers.</p>	If an independent provider believes a placement is breaking down, the Council should formally review the most appropriate method of funding an alternative placement.
5.2.5 Medium	<p>A team consisting of two Placement officers and a Contract Monitoring Officer are responsible for all placements, contracts, invoices and visits, and they are based in Ty Trevithick (Abercynon) offices.</p> <p>The team has been together since September 2016; however their line manager is based in the Ty Catrin (Pontypridd) office.</p>	Management should consider bringing the Line Manager and Team together in one location..

<b>EDUCATION &amp; LIFELONG LEARNING</b>
<b>AUDIT NAME: TY GWYN</b>
<b>DATE FINAL REPORT WAS ISSUED: 24/04/2017</b>
<p><b>INTRODUCTION</b></p> <p>Ty Gwyn an educational establishment teaching pupils with long-term social, emotional and behavioural difficulties. The centre aims to provide high quality education for pupils who cannot access education in mainstream settings because of the nature of their needs. Ty Gwyn was previously subject to an Internal Audit review in March 2010.</p>
<p><b>SCOPE &amp; OBJECTIVES</b></p> <p>In accordance with the Internal Audit Plan for financial year 2016/17, as agreed by Audit Committee, a review of Ty Gwyn was undertaken. Audit testing was carried out on transactions made during 2015/16 and 2016/17, to ensure that fundamental controls were 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 systems in operation at Ty Gwyn.</p> <p>The objectives of the review were:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.</li> <li>• To ensure that all meals income is identified, received and collected in accordance with Council Policy.</li> <li>• To ensure that all orders raised by the centre are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.</li> <li>• 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.</li> </ul>
<p><b>AUDIT OPINION</b></p> <p>Overall, the control environment in relation to Ty Gwyn's financial and governance arrangements is considered to be insufficient and requires improvement.</p> <p><b>Safeguarding</b></p> <p>Whilst the Centre has a Child Protection and Staff Disciplinary Policy in place, they have not been reviewed and updated since 2010 and 2012 respectively. A record is maintained at the Centre of staff who have been DBS checked; however, this is not up to date as there are staff employed at the Centre who are currently not included (Note: Internal Audit testing confirmed all staff had a DBS check in place). The Centre's record should be updated immediately</p>

together with the Child Protection and Staff Disciplinary Policy.

The Deputy Head of Centre had recently been appointed as the EVC. This report recommends that all staff are made aware of the requirements and documentation that need to be completed to ensure every trip/excursion is updated and authorised in accordance with the 'Planning & Approval Procedures for Educational Visits' guidance.

Restrictive Physical Interventions are used at the centre and the use of reasonable force to control or restrain pupils must be recorded on the incident record sheet, with a copy of the sheet sent to the Behaviour Support Service within one week. It was found during this review that while a record is maintained at the Centre, returns are not being submitted to the Behaviour Support Service as required.

#### **Purchasing**

The Centre does not have a Financial Procedures document. It was found that orders are only raised in the manual order books if the supplier requests an order number and these orders are not signed as authorised. Additionally it was established that the previous Headteacher remains the delegated budget holder within the Council's Creditors system, the central system requires updating.

#### **Purchase Cards**

There is one purchase card in use at the Centre. The card is used frequently and receipts/invoices were in the main present for each transaction examined during the sample period. For the missing receipts/invoices, it was identified that these purchases were made by the Head of Alternative Learning (formerly the Headteacher at Ty Gwyn), who makes the purchases without physically obtaining the card. Additionally, card details have been stored by staff on websites, whereby purchases are being made without the purchase card. There is also no card sharing log and the transaction log is not completed as and when purchases are made. There is inadequate control over the use of the purchase card and the recommendations contained within this report should be addressed immediately.

#### **School Meals/Collections & Deposits**

Dinner money is collected daily, with income records updated appropriately and subsequently banked once a week. However, it was noted that these records are not being periodically reviewed by management and are therefore not subject to an independent review.

#### **Data Security & Inventory**

The Centre is registered with the Data Protection Registrar and hold an up to date registration. The Centre does not have an inventory in place since relocation, with this report identifying that a full review is required.

Implementing the recommendations contained in the report will enhance the current levels of control. Thereafter Management at the Centre need to ensure that there is a regular and independent review of the financial administration of the Centre, with evidence of this being available.

### **SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1	Section 3.16 of Safeguarding Children in Education: The role of local authorities and governing bodies	Management should ensure that

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
High	<p>under the Education Act 2002 (WAG circular 005/2008) states that: <i>'Governing Bodies should ensure that the School has an effective Child Protection Policy...and is reviewed at least annually'</i></p> <p>Discussions with the Executive Headteacher and examination of the records established that whilst Ty Gwyn has a Child Protection Policy, this was last updated in 2010.</p> <p>Additionally, it was established that whilst a Staff Disciplinary Policy was in place, this had not been updated since 2012.</p>	<p>the Child Protection Policy is subject to review and endorsement on an annual basis.</p> <p>Management should also ensure an up to date and agreed Staff Disciplinary Policy is in place and ratified by the Governing Body.</p>
5.1.2 High	<p>Section 5.1 of the Restrictive Physical Intervention Policy (dated June 2012) states: - <i>'The use of reasonable force to control or restrain pupils must be recorded in writing using the record sheet (Appendix 3) within 24 hours. The number of the incident in the bound book should be recorded on the incident record sheet and a copy of the sheet should be sent to the Behaviour Support Service within one week'.</i></p> <p>Discussions with the Executive Headteacher and Behaviour Support staff identified that this procedure is not followed.</p> <p>In 2015-2016 the data for Restrictive Physical Interventions was: -  Number of Pupil: 8  Number of restraints: 10  Injury to person: 0  Medical Check: 0  Police call outs: 0</p> <p>And in 2016-2017 (as at January 2017) it was: -  Number of Pupil: 3  Number of restraints: 3  Injury to person: 1  Medical Check: 0  Police call outs: 0</p>	<p>Management at Ty Gwyn should ensure that where restrictive physical interventions occur, the correct incident records are completed and forwarded to Behaviour Support in accordance with the Policy.</p> <p>To ensure Behaviour Support receive the required reports of all incidents a weekly 'nil return' should be provided where there are no incidents. This could be by way of a standardised email.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>From discussions it was established that Incident Report sheets have only been forwarded to Behaviour Support since December 2016.</p> <p>For 2016-17, a report had been received for the 3 incidents. For 2015-16, only 6 of the 10 forms had been received (with 2 of these on the wrong forms).</p> <p>Of the remaining 4 forms, whilst no form has been forward to Behaviour Support as required (as they cannot be found), the Centre do have a bound book available with details of each incident if required.</p>	
5.1.3 Low	<p>Whilst there is a computerised list of staff DBS information, it does not include details for the Caretaker &amp; Cleaners (employed via Solo) and also staff employed by RCT Catering.</p>	<p>Management should ensure the DBS record currently held is updated to include the Caretaker, Cleaners and Catering Staff. This record should then be updated as and when there are staff changes.</p>
5.1.4 High	<p>An EVC was appointed at Ty Gwyn on 14th December 2016. The appointed and trained EVC is the Deputy Head of the Centre. Prior to this, no trips would have been updated to EVOLVE as no EVC was in place.</p> <p>Whilst no trips/excursions have taken place since appointment, discussions with the Deputy Head of the Centre established that two members of staff have been nominated to ensure trips/exclusions are input onto EVOLVE.</p>	<p>The EVC should remind all staff responsible for updating EVOLVE that trip/excursion information should be collated on a timely basis and is categorised correctly to allow the EVC to approve the trip and submit to the Local Authority for approval within the procedure timescales.</p> <p>All other trips on the system (i.e. not adventurous or residential etc) should be evidently authorised by the EVC in advance of the trip taking place.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.1  High	<p>Ty Gwyn does not have a Financial Procedures document. The following issues were also noted in respect of the Centre's purchasing arrangements: -</p> <ul style="list-style-type: none"> <li>When invoices are batched and sent to Creditors for payment, the school clerk signs the batch on behalf of the previous Headteacher (who whilst manages the Home Tuition service and is based at Ty Gwyn, has no budget responsibilities for the Centre). This person is also named as the authorised person to pay invoices for Ty Gwyn.</li> <li>The Administrative Officer only raises an official order where a business requests an order number. If an order number is not required, the Administrative Officer does not raise an official order and processes the subsequent invoice as a non-order invoice, even though a prior request would have been made.</li> <li>Where an official order is raised, these are not being authorised by an appropriate person and also showed no evidence of being checked to the delivery notes/invoices.</li> </ul>	<p>A Financial Procedures document should be devised detailing all processes to be followed and roles and responsibilities.</p> <p>Creditors should be contacted to update the authorising signatories for Ty Gwyn.</p> <p>All orders should be authorised by an authorised person e.g. Executive Headteacher.</p> <p>Where a prior request is made for goods / services, an order should be raised in the first instance. If an order was placed via telephone, an order should be raised as soon as possible thereafter.</p> <p>Once the goods / services are received, the delivery note should be checked against the original order to ensure that the goods received agree to what was originally ordered. The order and delivery note should demonstrate evidence of this check (e.g. items ticked) and the delivery note should</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		be signed and dated by the person undertaking this check.
5.3.1  High	<p>It was established that the purchase card details are known to staff, namely the Head of Alternative Learning (formerly the Headteacher at Ty Gwyn) who is making purchases without obtaining the purchase card.</p> <p>Additionally, card details are being saved to websites e.g. Amazon, whereby staff are making purchases using the saved details and not obtaining the purchase card to make them.</p> <p>Also, the transaction log for the purchase card is not being updated as and when transactions occur.</p> <p>It was also established that there is no independent check of purchase card transactions and records, with the Administrative Officer responsible for purchasing, inputting and authorising all purchases.</p>	<p>Management should consider ensuring all purchases, wherever possible, are made and administered by the clerk. This will provide greater control over expenditure made.</p> <p>Staff should ensure card details are not saved on websites or purchases made without obtaining the purchase card.</p> <p>A senior member of staff should regularly review and authorise all purchase card transactions to ensure they are appropriate to the school.</p> <p>The electronic transaction log should be updated as and when purchases are made. The purchases recorded on the transaction log should then be reconciled to the Barclays system, to ensure that all purchases correspond.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.3.2 High	<p>Examinations of a sample of Purchase Card transaction for December 2016 and January 2017 identified the following 5 receipts/invoices were not present: -</p> <ul style="list-style-type: none"> <li>• Ref100 Ten Pin Bowling - £73.50</li> <li>• Ref101 GoDaddy.com - £7.99</li> <li>• Ref104 GoDaddy.com - £7.99</li> <li>• Ref116 GoDaddy.com - £143.86</li> <li>• Ref118 GL Assessments – £738.92</li> </ul> <p>Discussions with the Administrative Officer identified that 4 of the 5 missing receipts/invoices (101, 104, 116 &amp; 118) were for purchases made by the Head of Alternative Learning (formerly the Headteacher at Ty Gwyn) for the Home Tuition service.</p> <p>As identified in finding 5.3.1 these purchases have been made by an officer who is not authorised and without obtaining the purchase card. As a result, the Administrative Officer is not aware of the purchases made until the monthly purchase card report is received from Procurement. The retrieval of 'missing' receipts is then more difficult.</p>	<p>All payments should be supported by appropriate documentation (i.e. invoices, receipts). The missing receipts should be located to ensure that the purchases made are appropriate.</p> <p>Where it is not possible to obtain a receipt, a record of expenditure without receipt form should be completed and authorised by the budget holder.</p> <p>Management should also ensure all purchases are made only after physically obtaining and signing out/in the Purchase Card.</p> <p>The Purchase Card should only be used by authorised staff who are able to commit / incur expenditure on behalf of the Centre.</p>
5.3.3 Medium	<p>Discussions at the Centre identified that on occasions members of staff outside of the office use the purchase card. However, there is no signing in and out sheet to record such instances.</p>	<p>On occasions where members of staff use the purchase card it should be recorded on the signing in and out sheet provided by the Procurement Service.</p>



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.3.4 Low	It was found that the descriptions used on the Transaction Log and Barclaycard system for each purchase do not always accurately describe what was purchased e.g. supplies, tools, materials.	Full details of all purchase card transactions should be recorded on the Transaction Log and Barclaycard system as and when they occur.
5.4.1 Medium	The Centre's dinner money income records are not being reviewed and authorised by a senior member of staff.	A person independent of the process of recording and banking income should regularly review the records (i.e. subsidiary records, Record of Daily Income, Bank Paying in Books and Banking Reports) and confirm whether or not the income has been banked.
5.5.1 Medium	There is no up to date Inventory at Ty Gwyn.	A full inventory review should be completed immediately.  Any new assets / disposals should be recorded on the inventory as and when they occur.

**AUDIT NAME: CWMCLYDACH PRIMARY SCHOOL**

**DATE FINAL REPORT WAS ISSUED: 24/04/2017**

**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.

Cwmclydach Primary was last subject to an Internal Audit Review in December 2012 and this is 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 requirement of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meals income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the school's I.T. equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

**AUDIT OPINION**

The overall administration at Cwmclydach 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; however the Staff Disciplinary Policy had not been updated since 2009. A DBS record is maintained at the School although this was not up to date and did not contain all current staff. The School have an appointed EVC and whilst

trips are updated and approved on Evolve, it was established that this is not always within the required timescales. Additionally, it was found that some staff had not received Level 1 Safeguarding training since September 2015 resulting in there being staff working at the School that have not received up to date training.

#### **Purchasing**

The School currently raise orders either over the telephone or online. There is no official ordering system in place and orders are not formally authorised by the Headteacher before being placed. This report recommends that for all purchases made an official order should be raised and authorised by the Headteacher or the purchase made using the Purchase Card.

#### **Purchase Card**

There is one purchase card in use at the School. The card is used frequently and receipts/invoices were present for all transactions examined during the sample period. There is no Transaction Log.

#### **School Private Fund**

The Treasurer maintains detailed records, and all income and expenditure transactions had an adequate audit trail. However, it was found that cheques are being pre-signed by one signatory and there is no evidence of an independent reconciliation of the records by the Acting Headteacher.

#### **School Meals**

Dinner money is updated to SIMS daily and subsequently banked once 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 a review of current arrears identified there are a number of pupils with arrears (which have already been reported to Catering Finance in accordance with the recommended procedure).

#### **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.

#### **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 a copy kept off site via a third party provider, and the School renewed their annual registration with the Information Commissioner.

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

### **SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1  Medium	It was established that whilst a Staff Disciplinary Policy is in place, this had not been updated since 2009.	The School and Governing Body should develop a rolling programme for the review of all School Policies.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		This will ensure that all Policies in place are up to date and reflect the current practices at the School.
5.1.2  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: <i>'Governing Bodies should...ensure that the Headteacher and all other permanent staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'.</i></p> <p>The Acting Headteacher confirmed whilst herself and her leadership team had received updated Level 3 training in October 2016, all other staff had not received updated Level 1 training since September 2015.</p>	<p>The Acting Headteacher should ensure that all staff receive updated Level 1 Training at the earliest opportunity.</p> <p>A record of this training should be held centrally to demonstrate the date and level of attainment alongside individual staff names. This could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.</p>
5.1.3  Medium	<p>The 'Planning and Approval of Educational Visits ' guidelines advises that where visits are residential, abroad or involve demanding environments and/or adventurous activities, they must be 'planned and approved using the Evolve system at least 28 days before the visit'.</p> <p>Examination of Evolve for 2016/17 identified that one trip had not been authorised beforehand. This trip being:</p> <ul style="list-style-type: none"> <li>• Land of Song (Millennium Centre)</li> <li>• Date of Trip – 6/6/2016</li> <li>• Date authorised – 27/6/2016</li> </ul>	<p>The School should remind all staff that trip information should be collated on a timely basis to allow the EVC to approve the trip and submit to the Local Authority for approval within the procedure timescales.</p> <p>All other trips on the system (i.e. non adventurous, residential etc) should be evidently authorised by</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		the EVC in advance of the trip taking place.
5.1.4  Low	Whilst there is a record at the School of staff DBS information, it was not up to date at the time of audit.	The School should contact the Vision Team to obtain an up to date record of staff DBS details and ensure that this record is kept up to date to reflect any future staff changes.
5.2.1  High	Discussions at the School revealed that orders are currently made via the telephone or online. Invoices received are subsequently batched up and sent to Finance for payment with a copy of the invoice retained at the School.  No formal order is raised and no evidence is available that the order was correctly authorised.  Additionally, as no official orders are placed, discussions at the School revealed that there are occasions where other staff place orders without official authorisation to do so.	The School should ensure that for all purchases made for goods and services, either an Official order is raised and authorised or the purchase is made via the Purchase Card.  All staff should be reminded of this process going forward.
5.3.1  Medium	Section 6 of the Cardholder Manual for Schools document issued by the Procurement Service states that: <i>'Each Purchasing Card transaction should be recorded on the transaction log as soon as the transaction is complete to ensure that no information is omitted'.</i>  No Transaction Log is in place at the School. As a result, no reconciliations to the bank statements can be undertaken.  It is noted, via examination, that purchases made using the Purchase Card appear to be appropriate.	A transaction log should be introduced for the Purchase Card.  Details of all Purchase Card transactions should be promptly updated onto the Transaction Log which should then be used to reconcile the bank statement upon receipt.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.4.1  High	At the time of the Audit review, 2 cheques had been pre-signed by one of the cheque signatories, this being the Acting Headteacher.	The practice of pre-signing cheques should cease with immediate effect.
5.4.2  Medium	On review of the Private Fund records, it was noted that there was no evidence of reconciliation i.e. transactions have not been ticked on the statements or the ledger.  Additionally, there is no evidence that the Acting Headteacher reviews any fund records.	The Treasurer should ensure that when reconciling the account on a monthly basis, transactions are ticked as correct on both the statements and the ledger. Once this is complete the records can be reviewed and certified by the Acting Headteacher.
5.5.1  Medium	Discussions with the school clerk established that the weekly banking and catering returns are not printed off and therefore have not been certified by the Acting Headteacher.	The Acting Headteacher should certify both the Weekly Banking Returns (to confirm the income received and banked) and the Weekly Catering Returns confirming the weekly meal figures.

**AUDIT NAME: PONTYPRIDD HIGH SCHOOL**

**DATE FINAL REPORT WAS ISSUED: 13/04/2017**

**INTRODUCTION**

Pontypridd High School is a mixed 11 - 18 community school serving North of the town of Pontypridd and its surrounding villages. There are 957 pupils on roll, of which 134 are in the sixth form.

The proportion of pupils entitled to free school meals currently stands at 18.18%.

Pontypridd High School was last subject to a routine Audit review in September 2013.

**SCOPE & OBJECTIVES**

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

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

- Governance;
- Safeguarding;
- School Income;
- School Private Fund;
- Purchase Card; and
- Petty Cash.

**AUDIT OPINION**

Overall, the control environment in relation to the School's financial systems and governance arrangements is considered to be insufficient and requires improvement.

**Governance**

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. Despite the Governing Body having one vacancy, all sub committees have the requisite number of members and there is an up to date Register of Business Interests.

Although all statutory policies are in place at the School there are a number of policies that should be subject to an annual review but these have not been reviewed (some for over 3 years). It was also noted that for all policies that are in place, it was not evident within the Governing Body minutes if all had been presented to the Governing Body for endorsement.

**Safeguarding**

Although there is a Child Protection Policy in place, it has not been subject to review since July 2014. It was established that Level 1 training has been provided at the School; however testing identified that the School are unable to demonstrate that 71 members of staff have received formal training.

It was established that payments are being made to tutors in respect of sports and music tuition. Good practice was noted in that the School did complete

the HMRC employment status checks using the HMRC Employment Status Indicator tool to determine whether or not the tutors were deemed as 'self employed' and there was evidence at the School to support this.

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

The School uses the EVOLVE system to record details of off-site visits and in accordance with the document 'planning and Approval Procedures for Educational visits' residential trips are entered onto the EVOLVE system. However, care should be taken to ensure that all trips / activities (including routine visits) are entered onto the system within the correct timescales. Of the 5 trips examined, 1 trip had not been entered onto EVOLVE within the correct timescales (this being undertaken 3 days before the trip took place).

### **School Income**

Since the previous Audit review, there have been significant changes within the Finance Office. With a full staff complement, the tasks undertaken by individual members of the team would be, on the whole, satisfactory. However, there is no formal up to date record of the procedures to be followed at the School. While the School have developed a Finance Policy that contains details of how each area of administration should be managed, it lacks sufficient detail of the roles/responsibilities of the individuals presently involved. This report recommends that the Finance Policy be enhanced to define system processes and the individual staff responsibilities (via their Post Title) within them across all areas of the School's financial administration, and also taking into account all recommendations raised within this report.

Testing of the School Income system identified that whilst there is a School Lettings Policy in place, procedures are not being adhered to. This report recommends that the School ensure that the member of staff responsible for the administration of School Lettings adheres to the procedures as outlined within the Policy.

### **School Private Fund**

On the whole, the School Private Fund is administered in line with the School Private Fund regulations. A Management Committee has been appointed and positions held relate to duties undertaken.

However, this review has identified a need to promote ownership and consistency between the teaching staff in respect of the administration of School Trips. For example, staff should be reminded to maintain and retain their own records and that on completion of a trip, a statement of account should be prepared and passed to the Fund Treasurer with all supporting records for retention.

Of the 3 trips examined, a variance between the amounts collected, amounts recorded and amounts banked were noted. This report recommends that these discrepancies are investigated immediately and to determine the reason for the variances.

This report also recommends that a statement of account should be prepared and passed to the Fund Treasurer with all supporting records for retention as per the School Private Fund Regulations.

### **Purchase Card**

There are 3 Purchase Cards at the School. On the whole, there is a sufficient audit trail in respect of evidence being available that supports expenditure via the cards. On occasions where a receipt cannot be obtained this report recommends that a record of expenditure without receipt form is introduced.

This review has identified items of expenditure funded from the delegated budget which are considered to be unnecessary / inappropriate and do not demonstrate value for money. The School is reminded that under no circumstances should School resources be used to purchase staff meals or staff gifts.

Furthermore, this report also recommends that care should be taken to ensure that the Purchase Card bank statements are signed and dated by the person



undertaking the reconciliation and following the exercise, SIMS is updated with the relevant cashbook journal as soon as possible to ensure that SIMS correctly reflects the expenditure that has been incurred (as delays in this process were evident during the review).

### **Petty Cash**

No formal Petty Cash limit for items of expenditure has been set. Although on the whole expenditure is minor in nature and supported by receipts; without a formal spending limit, staff may use the account to incur larger items of expenditure and thus by-pass the normal ordering process.

At the time of the Audit visit, testing identified that since April 2016 the petty cash account had only been reconciled 3 times by the member of staff who administers the account on a day to day basis. This report recommends that the Petty Cash account be subject to a regular and independent reconciliation. There are findings contained within this report that relate to a period of time where, due to exceptional circumstances, a reduced number of staff was in place.

With effect from January 2017, a new member of staff has been appointed within the School Office. The School should use this report as an opportunity to ensure that the office procedures are reviewed and enhanced going forward.

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

### **SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1  Medium	<p>The keeping of minutes and papers is prescribed in regulations 47 and 48 of The Government of Maintained Schools (Wales) Regulations 2005. These state that 'the governing body must, as soon as reasonably practicable, make available for inspection at the school by any interested person, a copy of (a) the agenda for every meeting; (b) the signed minutes of every such meeting, (c) any report or other paper considered at any such meeting; and (d) the draft minutes of any meeting, if they have been approved by the person acting as chairman of that meeting'.</p> <p>Of the 57 sets of minutes examined during the Audit fieldwork, only 14 had been signed and these related predominantly to the 2013/14 academic year.</p>	<p>Signed minutes for Governing Body and sub-committee meetings should be retained at the School.</p> <p>Where minutes are loose-leaf, each page should be initialled and the last page signed and dated.</p>
5.1.2  Low	<p>The membership of governing bodies is set out in chapter 3 of The Government of Maintained Schools (Wales) Regulations 2005, which specifies that the composition of the Governing Body should consist of 6 Parent Governors and 5 LEA Governors.</p> <p>Examination of the Governing Body structure revealed that there is currently 1 LEA Governor vacancy.</p>	<p>The School should endeavour to fill the LEA Governor vacancy as soon as possible.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.3  Low	<p>All statutory policies are in place at the School and are endorsed with the date of the last review. However, it was noted that three statutory policies, which should be subject to an annual review have not been reviewed:</p> <ul style="list-style-type: none"> <li>• Admissions Policy - July 2014;</li> <li>• Pay Policy - Summer 2013; and</li> <li>• Performance Management - March 2013.</li> </ul> <p>For all Policies that are in place it was not evident within the Governing Body minutes if all had been presented to the Governing Body.</p>	<p>In line with statutory requirements, the 3 policies listed should be reviewed and updated where necessary and presented to the Governing Body. Endorsement of the policies should be minuted by the Governing Body as confirmation of this process.</p> <p>The School is reminded that all School Policies should go through the Governing Body for approval and this should be reflected in the Governing Body minutes.</p> <p>The School is also reminded that all School Policies should be subject to regular review. As such the School should consider introducing a formal policy review schedule to ensure that all policies are reviewed on a timely basis.</p>
5.2.1  High	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should have effective child protection policies and procedures in place that are reviewed at least annually'</i></p> <p>While the School has developed a Child Protection/Safeguarding policy, it was last reviewed by</p>	<p>The School and its Governing Body should ensure that the Child Protection Policy is subject to review on an annual basis.</p> <p>The Policy currently in place should</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	Governors during July 2014.	be reviewed immediately and presented to the Governing Body for endorsement.
5.2.2 High	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that: <i>'Governing Bodies should ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'.</i></p> <p>Although it was established that Level 1 training was provided to the whole school on 30th September 2016, it was noted that 71 members of staff did not receive the training.</p>	<p>As a minimum, Level 1 Safeguarding training should be arranged for all 71 members staff who were not present on the 1<sup>st</sup> September 2016 training event as soon as possible.</p> <p>It is accepted that there is a School inset day on the 27th January and that there will be another mop up session for any members of staff who will be unable to attend the event.</p> <p>Furthermore, the School should develop a central training record to demonstrate the date and level of safeguarding training 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 as per 5.2.1.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.3  Medium	<p>5 trips were chosen for examination and for each trip examined EVOLVE had been updated with details of the trip and the appropriate risk assessments within the required timescales.</p> <p>However, in respect of the Llangrannog trip, it was not submitted to the Outdoor Education Advisor and subsequently authorised until 3<sup>rd</sup> May 2016; however, the trip took place on the 6th May 2016.</p>	<p>Care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct timescales and are correctly classified in order for the Outdoor Education Advisor to give the necessary assurance that the provider and trip arrangements are appropriate.</p> <p>Whilst it is acknowledged that the guidance 'strongly advises' schools to update EVOLVE, in order to provide a full and robust audit trail in addition to manual risk assessments, EVOLVE should be used to document all off-site visits, including those relating to sporting fixtures/tournaments.</p>
5.3.1  High	<p>While the School have developed a Finance Policy that contains details of how each area of administration should be managed, it lacks sufficient detail of the roles/responsibilities of the individuals presently involved. Since the Policy was reviewed / revised in September 2016, there have been staff changes at the School.</p>	<p>The Finance Policy should be enhanced to define system processes and the individual staff responsibilities (via their Post Titles) within them across all areas of the School's financial administration.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		<p>Once completed, the procedures should be presented to the Governing Body for approval and issued to all appropriate members of staff.</p> <p><i>NB: Any revisions to the Policy should take into account recommendations raised elsewhere in this report.</i></p>
5.3.2 High	At the time of the Audit review (December 2016), a bank reconciliation of the School's Budget Account had not been undertaken since September 2016.	<p>The backlog of monthly bank reconciliations should be undertaken as soon as possible.</p> <p>Thereafter, it should be ensured that the bank account is regularly reconciled as soon as possible after receipt of the bank statements.</p>
5.3.3 High	<p>The School hires out the premises to a number of organisations and all school lettings are recorded in the School Diary located in Reception.</p> <p>Examination of a sample of bookings identified the following:</p> <ul style="list-style-type: none"> <li>Hires are not authorised by the Headteacher.</li> <li>The School Application Form for hire of school facilities states that all invoices must be paid within 30 days and the SIMS debtor invoices state that payment must be paid within 21 days.</li> <li>Evidence of Insurance is not retained.</li> </ul>	<p>The School should ensure that the member of staff responsible for the administration of School Lettings adheres to the procedures as outlined within the School Policy.</p> <p>The payment terms and conditions within the School Lettings Policy</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<ul style="list-style-type: none"> <li>Evidence is not always obtained for affiliated groups for VAT exemptions</li> </ul> <p>It is accepted that the School Lettings Policy was updated in September 2016 and has provision for each issue identified to be addressed; however, this was not being followed.</p>	<p>should be amended to 21 days. This will ensure that the School Policy does not conflict with the Council payment terms and conditions as set within the SIMS system.</p>
5.3.4 High	<p>Examination of the aged Debtors report revealed that there is currently £29,470.23 owed to the School of which £24,948.76 is for invoices in excess of 91 days old.</p> <p>Although there is an arrears procedure in place at the School, no evidence could be found on the invoice file of any form of chase up for outstanding amounts.</p> <p>Discussions during the Audit fieldwork identified that arrears letters are sent out chasing payment, although copies are not retained at the School.</p>	<p>The amounts outstanding to the School should be followed up immediately.</p> <p>Care should be taken to ensure that when recovery action against an outstanding invoice is undertaken, evidence of the action is retained at the School.</p>
5.3.5 High	<p>The Finance Assistant uses SIMS to generate all Sundry Debtor invoices; however, she is also responsible for receipting the subsequent income received onto SIMS.</p> <p><i>N.B. It is accepted that no issues were identified during the sample selected for testing.</i></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 the revisions required.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.4.1 Medium	<p>The School Private Fund Ledger is in a manual format and is updated as and when financial transactions take place.</p> <p>Payments are detailed in one book and receipts for Income are detailed in another book.</p> <p>There is no provision for a running balance of the account to be recorded.</p> <p>Audit testing identified that whilst all income transactions had been recorded, 3 items of expenditure had not been recorded for payments issued on 28th November 2016:</p> <ul style="list-style-type: none"> <li>• £20 cheque no 100416;</li> <li>• £1,010 cheque no 100417; and</li> <li>• £400 cheque no 100418.</li> </ul>	<p>A formal Ledger should be introduced at the School and all expenditure transactions should be clearly recorded. The account balance should also be recorded in the Ledger and updated following each transaction.</p> <p>Care should be taken to ensure that the Ledger is updated as and when a transaction takes place so that an up to date record is always available at the School (and allowing reconciliation to take place with the bank statements upon receipt).</p>
5.4.2 Low	<p>Examination of the School Private Fund bank statements identified that whilst all demonstrate clear evidence of reconciliation, some delays were noted between the date of the bank statement and the date the exercise was undertaken.</p>	<p>It should be ensured that the bank reconciliation exercise is undertaken promptly on receipt of the bank statements.</p>
5.4.3 High	<p>70 items of expenditure between the period September 2015 - March 2016 were examined. It was noted that receipts for 19 items of expenditure amounting to £4,694.62 were not available to support the expenditure incurred. Whilst it is accepted that there was a cheque requisition form present for each payment made, they had only been signed by 1 member of staff as confirmation of the expenditure</p>	<p>All items of expenditure should be supported by a receipt or invoice.</p> <p>In the event that a receipt cannot</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	incurred.	<p>be obtained, a PF2 (Record of expenditure made without receipt) should be used and a recommended format for this record is included at Appendix 8 in the School Private Fund Regulations.</p> <p><i>NB. The payment requisition form currently in use at the School will satisfy this requirement; however, it should be signed by the member of staff who incurred the expenditure and the member of staff authorising the expenditure.</i></p>
5.4.4 High	<p>Section 9.2C of the School Private Fund Regulations states that: <i>'The trip organiser must maintain a record of all monies received'.</i></p> <p>The arrangements in respect of the collection and recording of school trip income are currently the responsibility of Pupil Services, who record details of all income received on a Record of Daily Income sheet before passing the income over to the Finance Office for updating onto the Ledger and deposit with the bank.</p> <p>Pupil Services also maintain a separate spreadsheet for payments received in respect of trips.</p> <p>A sample of 3 trips were chosen for examination:</p> <p>Italy</p> <p>The trip organiser had retained the record of daily income sheets completed by Pupil Services. The total</p>	<p>The School should establish a standard trip procedure with a suite of pro-formas to be used when organising and administering a trip.</p> <p>Pupil Services either need to keep a running balance in respect of each pupil or if responsibility for monitoring balances is to remain with Trip Organisers, a regular summary of income received should be provided by Pupil Services to the Trip Organiser for retention.</p>



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>income recorded on the record of daily income was compared to the total income on the Ledger. Although there was a £650 discrepancy, it was established that £650 had been entered incorrectly on the ledger.</p> <p>Skiing The trip organiser has maintained his own spreadsheet in addition to the record of daily income sheet completed by Pupil Services. Both sets of documents were compared and it was noted that the amounts collected differ by £2,591 i.e. the Teacher's record = £29,055 received and the Ledger = £31,646 received (and banked)</p> <p>Disneyland, Paris A record was available from Pupil Services of the income collected for this trip; however, no records had been retained by the Trip Organiser as they had been disposed of upon completion of the trip.</p> <p>The spreadsheet maintained by Pupil Services was compared to the Ledger and it was noted that the amounts collected differed by £254.00:</p> <ul style="list-style-type: none"> <li>• Spreadsheet - £10,088</li> <li>• Ledger - £10,342</li> <li>• Variance - £254.</li> </ul> <p>There was no explanation for this anomaly.</p>	
5.4.5  Medium	<p>Section 9.1 of the School Private Fund Regulations states that: <i>'Any member of staff running a School trip is required to draw up and provide the Treasurer with a statement of account within one month of the conclusion of the trip. This must show details of all the receipts and payments relating to the trip'</i></p> <p>Of the 3 trips examined during this review, a statement of account had not been completed in respect of</p>	<p>Trip organisers should be reminded that upon completion of a trip, a statement of account should be prepared and passed to the Fund Treasurer with all supporting records for retention as per the</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	the Disneyland Paris trip.	School Private Fund regulations.  A statement of account should be completed for the Disneyland Paris trip immediately.
5.5.1  High	<p>Examination of the Purchase Card expenditure for the current academic year identified instances of expenditure, which amounted to £1,026.66, that are considered unnecessary / inappropriate.</p> <p>Discussions at the School revealed that there is a staff collection of £115 held within the staff room and that the intention is to pay this amount into the School hospitality budget.</p> <p>For the current financial year, no deposits had been made into the School budget in respect of staff collections.</p>	<p>All potential expenditure should be subject to challenge by the Headteacher to ensure that the School can demonstrate value for money and that funds have been utilised in a proper manner.</p> <p>The items listed are not considered appropriate and alternative arrangements to fund these activities should be made in future.</p> <p>The £115 held within the Staff room and any other monies collected in respect of these activities should be paid into the School Budget Account immediately.</p>
5.5.2  Medium	<p>Section 6 of the Purchase Cardholder Manual for School states; <i>'Any documentation such as receipts, confirmation invoices, delivery notes, etc should be retained to support the transaction log for audit purposes' and 'Where the supplier sends an invoice it must be sent directly to the cardholder and should be marked as being "Purchasing Card Paid". Failure to do this may</i></p>	Supporting documentation such as receipts /invoices must be obtained for all purchases. If for any reason these documents are not obtained

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p><i>result in the school processing such invoices for payment resulting in duplicate payments'.</i></p> <p>From a sample of 60 transactions examined in respect of all 3 cardholders, 7 were not supported with a valid tax receipt or invoice:-</p> <ul style="list-style-type: none"> <li>• Hospitality - £17.34</li> <li>• AT Turf - £74.75</li> <li>• Cardiff White Water - £258.50</li> <li>• Sainsburys - £59.66</li> <li>• B&amp;Q - £8.40</li> <li>• Survey Monkey - £26.00</li> <li>• Flooring Direct - £65.90</li> </ul> <p>It was also identified that not all invoices/receipts on file have been marked as 'Purchase Card Paid'.</p>	<p>then the School should use the 'Record of Expenditure Without Receipt' proforma as prescribed by the Procurement Service.</p> <p>All supporting documentation such as invoices and receipts should be clearly marked 'Purchase Card Paid'.</p>
5.5.3 Low	Whilst the Purchase Card bank statements show evidence that a reconciliation exercise takes place, they are not signed and dated by the person undertaking the reconciliation.	Care should be taken to ensure that the Purchase Card bank statements are signed and dated by the person undertaking the reconciliation.
5.5.4 Medium	<p>All purchase card transactions are confirmed via a monthly statement received on the 3<sup>rd</sup> of each month and the respective direct debit for the monthly sum taken from the School bank account on the 11<sup>th</sup>. In order for SIMS to replicate the School Bank Statement, a Cash Book journal is done on receipt of the Purchase Card Bank Statement.</p> <p>Noting the above, at the time of the Audit, a cash book journal had not been completed since August 2016, with journals to the value of £6,520.18 outstanding.</p>	The cashbook journals for all purchase card payments should be updated to SIMS as soon as possible following receipt of the bank statements to ensure that SIMS correctly reflects the expenditure that has been incurred.
5.6.1	The Finance Policy states that Petty Cash withdrawals are limited to £100 per cheque, unless, under special circumstances, a cheque for £200 can be withdrawn. The Finance Policy also states that	A formal limit for Petty Cash purchases should be determined by

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low	<p>payments from Petty Cash must be limited to minor items of expenditure.</p> <p>No formal financial limit has been set for individual petty cash purchases.</p>	<p>the School and incorporated into the School Finance Policy.</p> <p>Once the Finance Policy has been reviewed (see also report ref. 5.3.1), the Policy should be presented to the Governing Body for approval and issued to all appropriate members of staff.</p>
<p>5.6.2</p> <p>Medium</p>	<p>Since April 2016, the petty cash account has only been reconciled 3 times.</p> <p>While it is accepted that there has only been skeleton staff working in the Finance Office, the member of staff who administers the account on a day to day basis is also the member of staff responsible for reconciling the account.</p>	<p>The Petty Cash account should be subject to a regular and independent reconciliation. i.e. at least monthly.</p> <p>Records maintained should be certified to demonstrate that reconciliations have taken place. This could be done at the time of a reimbursement to the account being required and a reconciliation statement completed.</p>

**AUDIT NAME: TONYREFAIL SCHOOL**

**DATE FINAL REPORT WAS ISSUED: 30/03/2017**

**INTRODUCTION**

Tonyrefail Comprehensive School is a mixed 11 - 18 community school serving Tonyrefail and the surrounding area.

The proportion of pupils entitled to free school meals currently stands at 23%.

Tonyrefail Comprehensive School was last subject to a routine internal audit review in March 2013, which was subsequently followed up during May 2014.

**SCOPE & OBJECTIVES**

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

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

- Governance;
- Safeguarding;
- School Private Fund;
- School Income;
- Purchase Card; and
- Petty Cash.

**AUDIT OPINION**

Overall, the control environment in relation to the School's financial systems and governance arrangements is considered to be insufficient and requires improvement.

**Governance**

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body and its sub committees have the requisite number of members and quorate levels for meetings are achieved. However, it was noted that not all Governing Body minutes examined had been initialled / signed appropriately.

Although a Register of Business interests is in place at the School and is updated on an annual basis, at the time of the audit fieldwork for this review no declarations were present for 5 Governors.

**Safeguarding**

There is a Child Protection Policy in place which is reviewed on an annual basis. Although it was established that Level 1 training was provided to the whole School on 12<sup>th</sup> February 2016 and for support staff on 21st October 2016, audit testing identified that the School is unable to demonstrate that 53 members of staff have received formal training.

It was established that payments are being made to tutors in respect of maths and music tuition. The School did not complete the HMRC employment status

check to determine whether or not the tutors were deemed as 'self employed'. This report recommends that before the School engages with an entity for the provision of services, the HMRC employment status check should be undertaken for all individuals and that the tutors identified are checked immediately. Audit testing has confirmed that no staff commenced employment at the School prior to the completion of the required pre-employment checks. The School uses the EVOLVE system to record details of off-site visits and in accordance with the document 'Planning and Approval Procedures for Educational visits' residential trips are entered onto the EVOLVE system. However care should be taken to ensure that all trips / activities (including routine visits) are entered within the correct timescales as this had not been done for the 4 trips examined.

### **School Income**

Since the previous audit review there have been significant changes within the Finance Office. There is no formal up to date record of the procedures to be followed at the School. While the School have developed a Finance Policy that contains guidance in respect of how each area of administration should be managed, it lacks sufficient detail of the roles/responsibilities of the individuals presently involved. This report recommends that the Finance Policy be enhanced to define system processes along with individual staff (via their Post Title) responsibilities. The update will also need to take into account all recommendations within this report.

It was also noted that since September 2016 the School is unable to demonstrate that the School Income system has been subject to any periodic and independent review.

Whilst there is an established process in place for School lettings, the current charging Policy is not comprehensive and charges are being applied that do not account for VAT correctly. This report recommends that the invoicing facility within SIMS be used with immediate effect and will alleviate the need for manual invoices to be produced and allow income received to be directly matched to the respective invoice.

### **School Private Fund**

A Management Committee has been appointed and positions held relate to duties undertaken. However, since September 2016, the School have been unable to issue cheque payments from the Fund as 2 of the 3 cheque signatories no longer work at the School. Instead, the School Budget account is being used to make payments. Whilst it is accepted that a record of these payments has been made, at the time of the audit review, the School Budget was owed £16k from the School Private Fund. This report recommends that this practice ceases immediately, new cheque signatories are appointed and that the money owed to the School Budget is reimbursed.

It was also noted that for the current academic year there have been instances of fund expenditure, amounting to in excess of £6k, that are not in line with the School Private Fund Regulations and would have been more appropriately financed from the School Budget Account. This report recommends that the School Private Fund expenditure for the academic years commencing 1st September 2015 and 1st September 2016 be reviewed and where there is expenditure of similar nature, the budget account should reimburse the School Private Fund for the money owed immediately.

### **Purchase Card**

There is 1 Purchase Card at the School. There is a sufficient audit trail in respect of evidence being available that supports expenditure via the card. However, although a transaction log is being maintained, it is only updated on receipt of the Purchase Card bank statement. This report recommends that the transaction log be updated with details of all purchases immediately after a purchase has been made. The transaction log should then be used to reconcile the bank statements upon receipt.

### **Petty Cash**

There is currently no independent reconciliation of the Petty Cash account. The member of staff who administers the account on a day to day basis is also the member of staff responsible for reconciling the account. This report recommends that the Petty Cash account be subject to a regular and independent reconciliation, and that the records maintained should be certified to demonstrate this has taken place.

Audit testing also established that some purchases made exceed the expenditure limit set by the School. Management should either consider increasing the Petty Cash limit or making alternative arrangements to facilitate these types of purchases.

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

**SUMMARY OF RECOMMENDATIONS:**

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.3.4  High	<p>At present the School hires out the premises to 4 organisations.</p> <p>Examination of each booking identified the following:</p> <ul style="list-style-type: none"> <li>• Hires are not authorised by the Headteacher.</li> <li>• Although agreements are in place, they have not been signed by the School, only the hirer.</li> <li>• There is inconsistency in the level of information recorded</li> <li>• Evidence is not always obtained for affiliated groups for VAT exemptions.</li> <li>• Evidence of insurance is not always obtained</li> <li>• The cost of hire on agreements do not correspond to the costs included within the School's financial procedures.</li> </ul>	<p>The School should update its booking form to capture all required details for future requests for hire including retaining evidence of affiliated groups and insurance details for VAT exemptions.</p> <p>All forms received should be authorised by the Headteacher before the hire commences.</p> <p>Overall responsibility for managing the hire of premises should be formally determined.</p>
5.1.1  Medium	<p>The Government of Maintained Schools (Wales) 2005 Regulation, Part 7 states that:</p> <p><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>Not all Governing Body minutes examined had been initialled / signed appropriately.</p>	<p>In accordance with legislation, the School should ensure that all loose-leaf minutes are initialled on each page and signed and dated on the last page.</p> <p>This applies to the full Governing Body and its Committees.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.2  High	<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 Headteacher 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 5 Governors.</p>	<p>A declaration of business interests register should be completed on an annual basis which details the business interests of all Governors, the Headteacher and any other staff who may influence financial decisions at the School.</p> <p>A declaration for the 5 Governors should be completed immediately.</p>
5.2.1  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>Examination of the Bank Account History Report identified that payments are being made to 7 tutors in respect of Maths and Music.</p> <p>No HMRC questionnaire was completed for any tutor.</p>	<p>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.</p> <p>A HMRC employment status check should be undertaken for all tutors immediately, with evidence of each check retained at the School.</p>
5.2.2  High	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that: <i>'Governing Bodies should ensure that 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>As a minimum, Level 1 Safeguarding training should be arranged for all 53 members staff who were not present on the latest training dates as soon as possible.</p>



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	Although it was established that Level 1 training was provided to the whole school on 12 <sup>th</sup> February 2016 and for support staff on 21 <sup>st</sup> October 2016, the School were unable to demonstrate that 53 members of staff have received formal training. These include support staff and casual members of staff.	
5.2.3  Low	<p>The School staff list detailing staff DBS reference numbers was compared to the current list of staff employed at the School as provided by the VISION Team.</p> <p>It was noted that there are 11 members of staff not included on the School list that are included on the VISION list.</p> <p>Note: Audit testing confirmed all staff have a DBS check.</p>	<p>The School must ensure that where staff, permanent or casual, commence / terminate employment with the School, the School list is updated to reflect this.</p> <p>The appropriate amendments should be made in respect of the 11 staff identified.</p>
5.2.4  Medium	<p>All trips are manually risk assessed by the trip organiser, entered on to EVOLVE and subsequently authorised by the Business Manager.</p> <p>A sample of trips was chosen for examination and the following was noted:</p> <ul style="list-style-type: none"> <li>• First Campus Residential 13th July 2016 – entered onto EVOLVE 7th July 2016 – approved 15th July 2016.</li> <li>• Brecon Adventure - 9th May 2016 - entered onto EVOLVE 4th May and approved 9th May.</li> <li>• Ski Austria – 23rd March 2016 - entered onto EVOLVE 9th February 2016 – Approved 18th March 2016.</li> </ul> <p>None of the above had been entered onto EVOLVE within the designated timescales.</p>	Care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct timescales.
5.3.1  High	While the School have developed a Finance Policy that contains guidance of how each area of administration should be managed, it lacks sufficient detail of the roles/responsibilities of the individuals (or posts) presently involved. Since the Policy was reviewed / revised in November 2015, there have	The Finance Policy should be enhanced to define system processes and the individual staff

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>been staff changes at the School.</p>	<p>responsibilities (via their post titles) within them across all areas of the School's financial administration.</p> <p>Once completed, the procedures should be presented to the Governing Body for approval and issued to all appropriate members of staff.</p> <p>NB: Any revision to the Policy should take into account recommendations raised elsewhere in this report.</p>
<p>5.3.2</p> <p>Medium</p>	<p>Section C - of the Locally Administered Funds (LAF) guidelines states:-  <i>'General Income</i>                      • 3.1.2 <i>'To ensure that all income is accounted for, it should be recorded immediately it is received'.</i>                      • 3.1.3 <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>Audit fieldwork identified that £146.98 of income had been collected, yet this income had not been recorded on the Record of Daily Income.</p> <p>Section 3.1.4 of the guidelines also states :-  <i>'Income received should be entered into SIMS without delay to ensure that SIMS is up to date and to ease the bank reconciliation process'.</i></p>	<p>All income received should be recorded on the Record of Daily Income upon receipt.</p> <p>Details of all income received should be updated to SIMS as soon as it is received to ensure that the budgetary information is up to date and accurate.</p> <p>Income should be banked without delay.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>During the sample period, instances were identified where there was a significant delay of up to 2 months between the receipt of income and the subsequent update onto SIMS.</p> <p>A delay between the receipt of £6,244.28 income received on the 28.4.16 and its subsequent deposit at the bank on the 13.5.16 was also noted.</p>	
5.3.3  High	<p>Since September 2016, the School is unable to demonstrate that the School Income System has been subject to any periodic and independent review.</p> <p>It is accepted that the Headteacher certifies the bank reconciliation statements; however, there is no evidence at the School that the bank statements or any other records associated with income collection have been reviewed.</p> <p>Note: Audit testing identified no irregularity in respect of the sample of transactions tested.</p>	An independent check via the bank reconciliation process should be undertaken by a senior member of staff with records certified to demonstrate that the exercise has taken place.
5.3.5  High	<p>The School are not using the SIMS invoicing facility when issuing requests for income owed.</p> <p>Instead, a word document is used; they are not dated, are not consecutively numbered and are not evidently authorised by the Headteacher. Furthermore, the Council's VAT number is not recorded.</p>	<p>The invoicing facility within SIMS should be used with immediate effect. This will alleviate the need for manual invoices to be produced and allow income received to be directly matched to the respective invoice.</p> <p>All invoices (including the copy retained at the School) should be authorised by the Headteacher.</p>
5.4.1  High	<p>Since September 2016, the School has been unable to issue cheque payments from the School Private Fund as 2 of the 3 cheque signatories no longer working at the School.</p>	The School should update the current signatories for the School Private Fund account immediately.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>Instead, the School has been using the School Budget account to make payments.</p> <p>Whilst it is accepted that a record of these payments has been made, at the time of the audit review, the School Budget was owed £16,000.00 from the School Private Fund.</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> <p>All money owed to the School Budget Account should be paid over immediately.</p>
5.4.2  High	<p>There is currently in excess of £61k in the School Private Fund Bank Account.</p> <p>Although it is accepted that there is £16,000.00 owed to the School Budget Account (5.4.1) and that balances are owed on School Trips, it is anticipated that there will be a large balance remaining in the deposit account.</p> <p>It was also noted that in the Governing Body minutes of the 14th July 2016, Governors have agreed for money from the School Private Fund to be 'gifted' to the School Budget. However, the items listed within the minutes do not fall within the scope of School Private Fund expenditure, and therefore, Management should reconsider where the gifted money is to be spent.</p>	<p>Although it has been agreed by the Governing Body to 'gift' School Private Funds to the School Budget, Management are reminded that they must ensure that the money is spent on the pupils and School as a whole and not used to subsidise the School's Capitation budget.</p>
5.4.3  High	<p>Examination of the School Private Fund expenditure for the current academic year identified instances of expenditure, amounting to in excess of £6k, that is not in line with the School Private Fund Regulations.</p> <p>Examples include:</p> <ul style="list-style-type: none"> <li>• Trophy for Awards Ceremony.</li> <li>• Cup for Awards Ceremony.</li> <li>• Refreshments for awards ceremony.</li> </ul>	<p>The items listed fall outside the scope of the fund and this type of expenditure would be more appropriately financed from the budget account in future.</p> <p>The School Private Fund</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<ul style="list-style-type: none"> <li>• Supply cover when Head is in a meeting with ASCL.</li> <li>• Spelling Bee.</li> <li>• Table cloths for awards ceremony.</li> <li>• Contingency reimbursements.</li> <li>• Contingency to progress Leaders.</li> <li>• Musical Account.</li> </ul>	expenditure for the academic years commencing 1st September 2015 and 1st September 2016 should be reviewed, and where there is expenditure of similar nature, the budget account should reimburse the School Private Fund for the money owed immediately.
5.4.4  Low	<p>The School Private Fund bank account is currently held with a high street bank.</p> <p>Audit testing identified that deposits are made with the bank twice / sometimes three times per week. Discussions at the School revealed that this exercise can involve a member of the Finance Staff being out of the office for over an hour each time.</p>	<p>Management should consider moving the School Private Fund Bank Account to the Council's banking provider where the School can use the secure cash collection service at no additional cost. This would allow the School to make regular deposits with the bank in a safe environment thus eliminating the risks associated with banking visits, and staff time in the Finance Office could be better utilised.</p> <p>If it is decided that the bank account will be changed, contact should be made to the Council's Bank Reconciliation Team based at Bronwydd to discuss this option further.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.4.5  Medium	<p>Section 9.1 of the School Private Fund Regulations states that: <i>'Any member of staff running a School trip is required to draw up and provide the Treasurer with a statement of account within one month of the conclusion of the trip. This must show details of all the receipts and payments relating to the trip'</i></p> <p>Discussions with the Fund Treasurer identified that statements of account are not routinely completed for any School Private Fund activity.</p>	<p>Although it is accepted that upon completion of a trip all supporting records are passed to the Fund Treasurer for retention, as per the Private Fund Regulations, a statement of account should be completed by the Trip Organiser.</p> <p>An example of the format required is included at Appendix 9 in the School Private Fund Regulations.</p> <p>Note - the current Excel spreadsheet in use is able to produce a summary of each trip's activity therefore this could be used to assist the trip organiser in the completion of the Statement of Account. This could then be signed by the trip organiser and returned to the Treasurer.</p>
5.5.1  Medium	<p>Section 6 of the Cardholder Manual for Schools document issued by the Procurement Service states that:- <i>'Each Purchasing Card transaction should be recorded on the transaction log as soon as the transaction is complete to ensure that no information is omitted'</i>.</p> <p>The School has one purchase card, held in the Finance Office. Although a Transaction Log is maintained, it is only updated on receipt of the Purchase Card bank statement.</p>	<p>Details of all Purchase Card transactions should be promptly updated onto the Transaction Log immediately a purchase is made.</p> <p>The Transaction Log should then be used to reconcile the Bank</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		Statements upon receipt.
5.5.2 Medium	Although a log (in the required format) has been introduced at the School to be completed each time the Purchase Card is shared with other members of staff, the times the card is borrowed / returned back is not always being completed.	On occasions where a member of staff require the use of the card, care should be taken to ensure that the formal signing in / out record includes the times the card is taken and returned together with the signature of the member of staff at all times.
5.5.3 Low	Whilst the Purchase Card bank statements show evidence that a reconciliation exercise takes place between the bank statements and receipts, the bank statements are not signed and dated by the person undertaking the reconciliation.	Care should be taken to ensure that the Purchase Card bank statements are signed and dated by the person undertaking the reconciliation.
5.5.4 Medium	<p>All purchase card transactions are confirmed via a monthly statement received on the 3<sup>rd</sup> of each month, and the respective direct debit for the monthly sum taken from the School Bank Account on the 11<sup>th</sup>.</p> <p>Noting the above, for the current financial year, although a cash book journal has been undertaken for each purchase card bank statement, some delays were noted between the date of the bank statement and the subsequent cash book journal. Of significance :</p> <ul style="list-style-type: none"> <li>March purchases of £1,906.92 were not updated onto SIMS until 4.5.16.</li> <li>June purchases of £11,183.03 were not updated onto SIMS until 12.9.16.</li> </ul>	Care should be taken to ensure that cashbook journals are promptly undertaken on SIMS on a timely basis once the transaction log has been reconciled to the Purchase Card bank statements.
5.6.1 Medium	<p>The School Finance Policy states that 'Payments for Petty Cash will be limited to minor items of expenditure, £30.00 maximum'.</p> <p>Several occasions since April 2016 were noted where this limit was exceeded:</p> <ul style="list-style-type: none"> <li>£41.55 - 18.5.16 - refreshments</li> </ul>	The purpose of a petty cash account is to facilitate the purchase of minor items of expenditure. Hence, in accordance with the system intended by the School,

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<ul style="list-style-type: none"> <li>£37.83 - 18.5.16 - refreshments</li> <li>£79.47 - 18.5.16 - ingredients for catering</li> <li>£61.75 - 7.6.16 - refreshments for cinema trip</li> <li>£72.27 - 23.6.16 - refreshments for nurture</li> <li>£52.40 - 15.9.16 - clc trip</li> <li>£75.31 - 18.10.16 - refreshments for year 6 evening</li> <li>£65.35 - 18.10.16 - Nurture - Breakfast club</li> <li>£68.60 - 22.11.16 - lunch for Maths intervention</li> </ul>	<p>reimbursements should only be made in accordance with the limits approved by the Governing Body.</p> <p>The School should either consider increasing the Petty Cash limit, or consider providing a Purchase Card to facilitate these larger purchases.</p>
5.6.2  Medium	<p>There is currently no independent and periodic reconciliation of the Petty Cash account.</p> <p>The member of staff who administers the account on a day to day basis is also the member of staff responsible for reconciling the account.</p>	<p>The Petty Cash account should be subject to a regular and independent reconciliation.</p> <p>Records maintained should be certified to demonstrate this has taken place.</p>



**AUDIT NAME: TREHOPCYN PRIMARY**

**DATE FINAL REPORT WAS ISSUED: 28/04/2017**

**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.

Trehopcyn Primary was last subject to an Internal Audit Review in November 2013 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 primary schools comprises of 155 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2016/17.

The objectives of the review are:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2016 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 IT equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.
- To ensure that petty cash is held securely, expenditure properly incurred and the account is appropriately monitored and controlled.

**AUDIT OPINION**

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

**Safeguarding & Educational Visits**

The School has a Child Protection Policy in place and this was devised using the draft template issued by the Council and has been updated to meet the School's requirements. It was presented and adopted by the Governing Body in the meeting of 9th February 2017 and will be reviewed during the same period annually. The Staff Disciplinary Policy however has not been updated since 2013. Training undertaken in respect of safeguarding was evident with certificates present and all staff have received appropriate training relevant to their position. The Headteacher also maintained a detailed record of staff training, what training has been received, when it is due to be renewed etc. A record of DBS checks was in place and is up to date - this record also includes all supply staff (including their DBS numbers) and any other short term visitors i.e. student teachers to the School. The School used the Evolve system to document and authorise all planned trips within the sample examined; however, it was found that a sample of trips were found to be submitted late and not in accordance with the EVC procedure.

#### **School Private Fund**

Records in respect of the School Private Fund indicate the account is administered in line with the regulations. The Treasurer maintains detailed records, and all income and expenditure transactions had an adequate audit trail. The account is reconciled and income is banked promptly. It was noted that eradicating fluid has been issued in the Ledger to make alterations. All expenditure within the sample was solely for the benefit of the pupils and was supported with receipts / vouchers.

#### **Purchase Card**

There was a sufficient audit trail in respect of Purchase Card transactions. Records are kept up to date and were evidently reconciled upon receipt of the bank statements. One instance from a sample of transactions was identified where VAT has been reclaimed without a valid VAT receipt.

#### **School Meals Income**

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

#### **Purchasing**

Orders are raised on SIMS and authorised appropriately by the Headteacher. One instance was noted where an order was raised retrospectively, after the receipt of goods.

#### **Petty Cash**

The School are still operating a petty cash account through the School budget. While no recommendations have been made within this report consideration should be given to further use of the purchase card in future as this will reduce the administration associated with Petty Cash transactions. Implementation of the recommendations contained within this report will enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>On review of a sample of adventurous trips run this year the following was noted;</p> <p>Trip 1 Manor Adventure - 17th to 19th June 2016. Visit Form Completed: 13.6.2016 Submitted by EVC: 17.6.2016 Authorised by Head: 17.6.2016 Processed by Outdoor Education Advisor: 17.6.2016. An email was sent by the Outdoor Education Advisor to the Headteacher dated 17.6.2016 stating "unable to authorise as trip as it is already taking place". This trip was not recorded and approved 28 days prior to the date of the visit.</p> <p>Trip 2 Daerwynno yr 5 - 28.6.2016 Visit Form Completed: 22.6.2016 Submitted by EVC: 29.6.2016 Approved by Head: 29.6.2016 This trip was not recorded and approved 28 days prior to the date of the visit.</p>	The Headteacher and trip organisers must ensure that trip forms etc., are completed, EVC approved and submitted for approval to the Outdoor Education Advisor within the prescribed timescales.
5.1.2 Medium	Whilst the School has a Staff Disciplinary Policy and it was the current operational version (dated September 2013) it had not been subject to review since this date.	The School and Governing Body should develop a rolling programme for the review of all School Policies. This will ensure that all Policies in place are up to date and reflect the current practices at the School.
5.2.1 Low	Review of the School Private Fund ledger revealed that eradicating fluid had been used.	No eradicating fluid should be used on prime financial documents. If a mistake needs to be amended it should be crossed through in ink, initialled and a new entry made.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.3.1  Low	On review of a sample of orders the following was noted; <ul style="list-style-type: none"> <li>One order (0028) was raised on the day the goods were received even though a prior request for the goods was made.</li> </ul>	Official orders should be raised on SIMS in all cases where a commitment to expenditure is known in advance.
5.3.2  Low	It was found that there was some inconsistency in the checking of delivered items to the delivery notes and evidence of this process by ticking items listed on delivery notes and a supporting signature.	All delivery notes should be signed and dated and items listed ticked to confirm receipt.
5.4.1  Low	A review of a sample of purchase card transactions identified one instance where VAT has been reclaimed without a VAT receipt / invoice: <ul style="list-style-type: none"> <li>7.9.2016 – Amazon - £41.84 net value: £34.87, VAT: £6.07.</li> </ul>	VAT should only be reclaimed when an official VAT receipt or invoice is received / obtained.

**AUDIT NAME: FERNDALE COMMUNITY SCHOOL**

**DATE FINAL REPORT WAS ISSUED: 22/06/2017**

**NOTE TO AUDIT COMMITTEE:**

**At the specific request of the Chair of Governors and the newly appointed Headteacher, the Internal Audit Report for Ferndale Comprehensive School has been reported in its entirety.**

**1. INTRODUCTION**

- 1.1 Ferndale Community School is a mixed 11-18 School. There are 555 pupils on roll, of which 35 are in the 6th form. The current Headteacher commenced in her role during February 2017 which was after completion of the initial audit fieldwork.
- 1.2 The total budget for the School for 2016/17 is in excess of £3.2m. Ferndale Community School was last subject to a routine audit visit in May 2014.

**2. SCOPE & OBJECTIVES**

- 2.1 All financial systems in operation at the School were considered and an assessment carried out in consultation with the previous Headteacher and Chair of Governors to identify those areas representing the highest potential risk to the School, and therefore necessitating review.
- 2.2 On the basis of this assessment, audit testing was carried out on the following areas of administration: -
  - Governance
  - Safeguarding
  - School Income
  - Purchasing
  - School Private Fund

**3. AUDIT APPROACH**

- 3.1 The key benchmark controls required within each of the School's financial and governance systems were identified and the actual controls intended to be operating at the School documented.
- 3.2 Detailed testing was performed to ensure that the actual controls are being applied in practice.
- 3.3 An analysis of the actual controls (and their application) was undertaken with reference to the key benchmark controls expected.
- 3.4 A draft report was prepared and provided to the Headteacher for review and comment.
- 3.5 This final report, along with management comment and the timetable for the implementation of agreed recommendations, has been provided to the following officers:
  - Chief Executive;
  - Group Director, Corporate & Frontline Services;
  - Headteacher;
  - Chair of Governors;
  - Temporary Director, Education & Lifelong Learning;
  - Service Director Performance and Improvement; and
  - Head of Education and Financial Reporting.
- 3.6 At the request of the Headteacher and Chair of Governors, a full copy of this report will be presented to the Council's Audit Committee.

- 3.7 Management will be contacted and asked to provide feedback on the status of each agreed recommendation once the target date for implementation has expired.

## 4. AUDIT OPINION

- 4.1 Overall, the control environment in relation to the School's financial and governance arrangements is considered to be insufficient and requires improvement.

### Friends of Ferndale Charity

- 4.2 Key members of staff at the School have invested a lot of time and effort in developing and expanding the Friends of Ferndale Charity. Whilst job descriptions of some staff include responsibilities relating to the Charity, given the scale of growth that has taken place the increased workload could be assumed to be at the detriment of the administration of the School's financial procedures, some of which had previously been reviewed by Internal Audit and considered satisfactory. The distinction between the School and the Charity is not clear.

As well as staff, at the time of the audit fieldwork the School's financial systems were used to facilitate the start-up and growth of the Charity. Whilst this has been done via a re-charge to a standalone cost centre within the School's ledger and appropriate audit trails are in place, given the growth and forecasted turnover of the Charity, all stakeholders must review the Charity's use of the School's financial systems and staff resources with a view to splitting them formally and providing the necessary distinction between the two legal entities.

- The Charity should:
  - Ensure that its financial ledger is entirely separate from the School's system.
  - Cease using the School's Purchase Card and any associated financial systems of the School.
- Some members of staff at the School are also employed and paid by the Charity therefore, the School should:
  - Ensure that when School staff undertake duties that are linked to the Charity, this must not be undertaken during School time.
  - Clarify the role of the Business Facilities Manager.
    - Note: The Charity makes a separate 'allowance' payment to this member staff for work undertaken (on-top of her duties required at the School). The allowance is on-top of her full time salary paid by the School.

### 4.3 Weaknesses at the School

This report contains a high number of recommendations, the most significant of which are:

- The scheme of delegation at the School is not included within the School's Purchasing Policy. As a result the list of delegated Officers (along with their limits of financial spend) has not been approved by the School's Governing Body.
- There is no documented Policy in respect of the reimbursement of bus passes to pupils who attend the School from outside the catchment area.
- Purchases for ingredients required for cookery lessons including meat and dairy items are not always made with appropriate suppliers.
- The Business Facilities Manager spent a total of £636.02 via the School's Purchase Card on items not linked to the School's business.
  - On the first day of audit fieldwork, the Business Manager notified Auditors of the transactions.
- School income was not being updated to SIMS until after receipt of the bank statements resulting in SIMS not being up-to-date and the bank reconciliation process not fulfilling its objective.
- Level 1 safeguarding training was provided to staff in September 2016; however the School maintained a record of who did not attend, as opposed to those who did.
- At the time of the audit fieldwork, there was money being held within the School Private

Fund which is in respect of the Friends of Ferndale Charity and the Youth Club. This is in contravention of the School Private Fund Regulations and therefore alternative arrangements should be sought.

- There is an SLA in place between the School and the Friends of Ferndale Charity relating to the hire of facilities at the School. The Charity provides a 'donation' to the School for this service which is processed as non-vatable income. The Council's VAT Team has confirmed that the 'donation' should be treated as vatable, as the payment relates to the provision of a room/service and does not satisfy 'donation' criteria.
- The 'Friends of Ferndale' manager (not employed by the School) had access to the Purchase Card and had also stored card details on the Asda website to order regular grocery shopping without the need to obtain the Purchase Card from the School office. Transactions were accounted for and reimbursed; however this set up contravened the protocol in place.

## ACKNOWLEDGEMENTS

A number of staff gave their time and cooperation during the course of this review. Internal Audit would like to record its thanks to all individuals concerned.

## 5. DETAILED FINDINGS

The findings of the review are reported on an exception basis to focus on issues where action is recommended. Each of the issues / recommendations detailed has been given a priority rating to assist management in directing and prioritising resources in accordance with areas of risk, these ratings being high, medium or low.

## 5.1 PURCHASING

**AUDIT OBJECTIVE:** To ensure that orders are raised and reflected in the budget appropriately, have been subject to proper authorisation and that the subsequent receipt and payment for goods/services is adequately controlled.

REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.1.1 High	At the time of the fieldwork for this review the School's Purchasing Policy did not include the delegated limits of spend. As a result, the Governing Body have not formally approved the delegated limits in place at the School.	The Governing Body have not formally approved the financial delegated limits of spend at the School.	The Purchasing Policy should be updated to include the list of staff who can make purchases on behalf of the School along with the delegated financial limits.  Once updated, this Policy should be presented to the Full Governing Body for approval.	Agreed.  The School's list of delegation was included within the Purchasing Policy and was reported to and approved by the Governing Body at their meeting held during December 2016.	Implemented
5.1.2 High	Examination of the SIMS Bank History report from April 2016 identified transactions listed in respect of reimbursements of School bus passes.  There is an informal arrangement in place at the School whereby pupils that attend from outside the catchment area receive refunds upon request in respect of their bus pass fees.  This is not openly advertised to all pupils from outside the catchment area, and as a consequence, not all pupils are receiving the reimbursement.	In the absence of a consistent approach or Policy the School are unable to demonstrate transparency in the decision making process and may be subject to adverse criticism.	The Headteacher should liaise with the Temporary Director of Education and Lifelong Learning to establish if this practice is appropriate going forward.	Agreed.  The Headteacher will discuss this matter with the Temporary Director, Education & Lifelong Learning.	Headteacher  30 <sup>th</sup> June 2017



REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.1.3  Medium	<p>Examination of the School's SIMS Bank History Report identified a large number of transactions referenced in the names of School staff.</p> <p>Discussions with the Business Facilities Manager revealed that these were reimbursements to staff in respect of purchases they had made on behalf of the School (without raising an official order or using the School purchase card).</p> <p>Discussions at the School also identified that on occasions a reimbursement was made as the items had already been processed.</p>	Staff may commit the School to inappropriate levels of expenditure.	Staff should be reminded that the official ordering process or Purchase Card should be used to purchase goods/services wherever possible, and any ad-hoc spending kept to a minimum both in volume and value.	<p>Agreed.</p> <p>Staff have been reminded that this practice is for extraordinary circumstances only and they should use the Purchase Card and/or the Official ordering process wherever possible.</p>	Implemented

REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
<b>5.1.4</b> <b>Medium</b>	<p>A review of the School's purchasing arrangements revealed the following :-</p> <ul style="list-style-type: none"> <li>• Orders have been raised after receipt of the invoice, even though a prior request would have been known.</li> <li>• The School are occasionally raising purchase orders for non-order invoices e.g. utilities.</li> <li>• Copy orders are not being signed by an authorised member of staff.</li> </ul>	The commitment to expenditure is not correctly authorised. Additionally, the committed spend is not reflected in the School's budget.	<p>Where a prior request is known for goods / services, an order should be raised in the first instance. If an order was placed via telephone, an order should be raised as soon as possible thereafter. The subsequent copy order should be signed by an appropriate (authorised) member of staff.</p> <p>To avoid additional work, invoices for non-orders e.g. utilities, should be paid via the School purchase card where possible. If the School is unable to use the purchase card, these can be processed using the non order invoice facility and no requirement for a SIMS order to be raised.</p>	<p>Agreed.</p> <p>A reminder and further guidance has been sent to all account holders regarding orders being raised after the request made.</p> <p>Utility bills are paid via non-order with the exception of telephone bills which, going forward, will also be processed by card or non-order as advised.</p>	Implemented
<b>5.1.5</b> <b>Medium</b>	<p>A report of outstanding Purchase Orders was obtained from SIMS. This identified a large number of orders outstanding, some dating as far back as April 2015.</p> <p>Discussions established that pending orders are not routinely reviewed or chased up by the School.</p>	The School's budget in respect of committed expenditure may be inaccurate if outstanding orders are no longer valid.	Pending orders should be reviewed on SIMS on a regular basis 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.	<p>Agreed.</p> <p>Reviews will take place on a termly basis with outstanding orders cancelled where appropriate.</p>	<p>Business Facilities Manager</p> <p>30<sup>th</sup> June 2017</p>
<b>5.1.6</b> <b>High</b>	Discussions at the School established that they did not have a copy of the bank mandate to confirm who the signatories are for the School budget account.	There is no formal confirmation of the individuals authorised to sign cheques held at the School.	An up to date copy of the School budget bank mandate should be obtained and retained at the School.	<p>Agreed.</p> <p>A copy of the bank mandate is now held at the school.</p>	Implemented

REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.1.7 High	<p>While there is no obligation for Schools to purchase from contracted suppliers, those suppliers contracted to RCT and used by the Council's caterers have already been subject to food hygiene testing and assessment processes.</p> <p>It was identified during the audit review that purchases for meat, dairy and fruit/vegetables are currently being made by the Home Economics Teacher for use in cookery classes. However these purchases are not always made with appropriate suppliers, with the School stating that food products are normally purchased via larger local suppliers (as this was assumed to satisfy the requirements of safe supply) with no further checks of due diligence being undertaken.</p> <p>There was also an instance whereby meat had been purchased from a local butcher, who is not an approved supplier.</p>	<p>It is not possible to demonstrate that set protocols for the handling, storage and delivery of food products have been assessed.</p> <p>It is therefore not possible to ensure that food hygiene and safety protocols are maintained and the risks of cross contamination of foods minimised.</p>	<p>The School need to consider who they purchase items from for use by the Home Economics Teacher.</p> <p>Considerations should include the risk involved in the handling, storage and delivery of food products purchased.</p>	<p>Agreed.</p> <p>The school will only make purchases from approved suppliers or from national supermarket chains such as Asda and Tesco.</p> <p><i>Where purchases occur through these national chains, the 'home delivery' service will be utilised.</i></p>	Implemented

REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE																																																
5.1.8  High	<p>On the first day of audit fieldwork, the Business Facilities Manager notified Internal Audit of the following transactions made on the School's Purchase Card that were for non-work related matters:</p> <table><tr><td></td><td>Transaction Date</td><td>Date Repaid</td><td>Amount</td></tr><tr><td rowspan="13">PayPal Transactions</td><td>03/08/2016</td><td>31/10/2016</td><td>£530.02</td></tr><tr><td>05/10/2016</td><td>21/11/2016</td><td>£2.89</td></tr><tr><td>06/10/2016</td><td>21/11/2016</td><td>£2.49</td></tr><tr><td>06/10/2016</td><td>21/11/2016</td><td>£11.50</td></tr><tr><td>08/10/2016</td><td>21/11/2016</td><td>£2.77</td></tr><tr><td>09/10/2016</td><td>21/11/2016</td><td>£10.49</td></tr><tr><td>11/10/2016</td><td>21/11/2016</td><td>£5.49</td></tr><tr><td>14/10/2016</td><td>21/11/2016</td><td>£10.48</td></tr><tr><td>14/10/2016</td><td>21/11/2016</td><td>£11.95</td></tr><tr><td>15/10/2016</td><td>21/11/2016</td><td>£4.55</td></tr><tr><td>22/10/2016</td><td>21/11/2016</td><td>£2.35</td></tr><tr><td>22/10/2016</td><td>21/11/2016</td><td>£2.54</td></tr><tr><td>23/10/2016</td><td>21/11/2016</td><td>£38.50</td></tr><tr><td colspan="3"></td><td>£636.02</td></tr></table> <p>The Officer responsible (who is the named cardholder) has confirmed that the transaction dated 3<sup>rd</sup> August 2016 was a misjudgement at a time of high workload.</p> <p>The reason for the PayPal transactions has been identified as a 'technical' oversight whereby the School's card was inadvertently recorded against a PayPal account in error.</p> <p>Internal Audit has reviewed further transactions since the completion of fieldwork and can confirm that no additional (inappropriate) transactions have taken place.</p>		Transaction Date	Date Repaid	Amount	PayPal Transactions	03/08/2016	31/10/2016	£530.02	05/10/2016	21/11/2016	£2.89	06/10/2016	21/11/2016	£2.49	06/10/2016	21/11/2016	£11.50	08/10/2016	21/11/2016	£2.77	09/10/2016	21/11/2016	£10.49	11/10/2016	21/11/2016	£5.49	14/10/2016	21/11/2016	£10.48	14/10/2016	21/11/2016	£11.95	15/10/2016	21/11/2016	£4.55	22/10/2016	21/11/2016	£2.35	22/10/2016	21/11/2016	£2.54	23/10/2016	21/11/2016	£38.50				£636.02	Money has been spent from the School's budget that was for the personal benefit of a member of staff.	Under no circumstances should the School's Purchase Card be used for personal use and this should be communicated clearly by the Headteacher to the Business Facilities Manager.	<p>Agreed.</p> <p>Following internal investigations, the Headteacher and Chair of Governors are satisfied that the Business Manager acted in error rather than with dishonest intent.</p> <p>The transactions listed were highlighted and documented by the Business Manager as an error and were subsequently recorded on the appropriate IMS systems. All personal transactions were brought to the attention of the auditors during the fieldwork by the Officer responsible.</p> <p>A management discussion will take place to address the erroneous use of the purchase card.</p> <p>The school purchase card details will no longer be stored on any devices or websites thus avoiding future errors. Policy will be updated to reflect this.</p>	Headteacher  30 <sup>th</sup> June 2017
	Transaction Date	Date Repaid	Amount																																																		
PayPal Transactions	03/08/2016	31/10/2016	£530.02																																																		
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REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.1.9 High	<p>Discussions at the School revealed that the Home Economics Teacher is responsible for making food purchases.</p> <p>Money is collected from some pupils (but not all) for food items to be cooked during lessons. Purchases are made using the money collected but no record of this is maintained.</p> <p>In the absence of a record detailing all income received and expenditure incurred it is not possible to ensure that all transactions are appropriate and can be accounted for.</p>	<p>Where money is collected from pupils, no records are being maintained increasing the risk of misappropriation.</p> <p>If money is not collected from <u>all</u> pupils, this may be deemed as unfair and inappropriate.</p>	The Headteacher should determine if the Home Economics Teacher is to continue collecting money from pupils.	<p>Agreed.</p> <p>This practice has now ceased. An additional delegated budget will be set aside for purchase of cooking materials from approved suppliers and large national chains where deliveries can be provided to the School.</p>	<p>Implemented (Practice has ceased)</p>

## 5.2 SCHOOL INCOME

**AUDIT OBJECTIVE:** To ensure that all income due to the School is receipted, held securely, banked intact and correctly recorded in SIMS.

REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.2.1 Medium	<p>The School has had responsibility for managing the Ferndale Swimming Pool since 2009.</p> <p>The procedures in place in respect of the collection of income and the hiring out of the premises are not reflected within the School's Policy. Additionally, the following was noted:</p> <ul style="list-style-type: none"> <li>• There is no robust monitoring of gym membership payments.</li> <li>• There is no regular, independent monitoring or review of the Swimming Pool processes and records.</li> </ul>	<p>Income may be lost to the School as users may be using the gym without having paid their membership fees.</p> <p>Without regular review of income records and processes, there is an increased risk of anomalies occurring.</p>	<p>All procedures should be documented and included within the School's Policy and once this is complete, the Policy should be presented to the Governing Body for approval.</p> <p>The following additional controls should be put in place:</p> <ul style="list-style-type: none"> <li>• Formal income records should be reviewed by someone independent of the receipting process and cross referenced to subsequent income banked.</li> <li>• A system should be introduced which records all gym members and membership fees paid which can then be used for monitoring on a monthly basis.</li> <li>• Management should regularly review the processes and records held at the Swimming Pool.</li> </ul>	<p>Agreed.</p> <p>The arrangements in place will be reviewed and updated in accordance with the recommendation. Once the Policy has been updated, it will be reported to the Governing Body for approval.</p>	<p>Business Facilities Manager</p> <p>(Governing Body approval of the revised Policy due for September 2017)</p>
5.2.2 Medium	Examination of the bank statements and SIMS reconciliations identified several occasions where there had been delays in reconciliation.	In the absence of a regular reconciliation, unauthorised transactions or errors may not be identified at the earliest opportunity.	Bank statements should be reconciled to SIMS on a weekly basis. The statements should be signed and dated as evidence of this reconciliation.	<p>Agreed.</p> <p>The Finance Office will aim to reconcile on a weekly basis. To facilitate this, we will undertake a review of roles and procedures within the department.</p>	Headteacher (Ongoing)
5.2.3 High	Examination of SIMS revealed that it is not being updated with details of all income received until after receipt of the bank statements.	The absence of up-to-date information on SIMS will impede the bank reconciliation process.	Details of all income received should be updated to SIMS as soon as it is received and not after receipt of the bank statements.	<p>Agreed.</p> <p>The Business Facilities Manager will improve</p>	<p>Business facilities Manager</p> <p>(Responsible for monitoring)</p>

REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
	This was also found in the previous audit review.	Budgetary information is inaccurate and not up to date.		<p>systems and make arrangements for income to be updated on the systems more frequently and prior to receiving the bank statement.</p> <p>To facilitate this, a review of roles and procedures within the department will be undertaken to ensure capacity is sufficient.</p>	<i>improvements made immediately and full actions in September 2017 following review)</i>

### 5.3 SAFEGUARDING

**AUDIT OBJECTIVE:** To ensure compliance with Section 175 of the Education Act 2002 and ascertain the level of compliance in respect of EVC guidelines.

REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.3.1 Medium	<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'. All other visits are for schools to determine.</p> <p>Examination of a sample of five visits recorded on Evolve identified the following: -</p> <p>West Midlands Safari Park 11/07/16 - This was created on Evolve on the 07/07/16 but was not authorised until 15/09/16 which is after the trip took place.</p> <p>All four remaining trips examined were found to be entered onto Evolve and authorised in accordance with the recommended procedures.</p>	Inconsistency in respect of trips being updated and approved via Evolve.	All trips / activities should be entered onto EVOLVE and authorised within the correct timescales.	<p>Agreed.</p> <p>Authorisation had been provided prior to the trip in a verbal capacity by the then Headteacher.</p> <p>This was an oversight and does not reflect usual practice.</p>	Implemented



REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.3.2  Medium	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent Schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should...ensure that the Headteacher and all 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>The Business Facilities Manager confirmed that all staff received Safeguarding Training in September 2016, other than those noted as not attending on the agenda for that day (these staff having received one to one training since).</p> <p>However, as names have only been recorded in respect of those who did not attend, it is not possible to establish the names of staff who were present at the training, along with the dates and at what levels.</p>	In the absence of a central record of training undertaken, it is not possible to identify any gaps in training i.e. new starters or any need for refresher / updated training.	<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>Agreed.</p> <p>The School will incorporate a register of attendees during the training sessions and address any absent staff.</p> <p>Full refresher training will be delivered during the inset day planned for September 2017.</p>	<p>Headteacher</p> <p>September 2017</p>

## 5.4 SCHOOL PRIVATE FUND

**AUDIT OBJECTIVE:** To undertake a follow up of the School Private Fund recommendations contained within the 2014 audit report

REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
<b>5.4.1</b> <b>High</b>	Whilst it was confirmed that a Record of Daily Income (RODI) is in place, when income is emptied from the safe for counting, only one member of staff signs the RODI to evidence this.	In the absence of two signatures as evidence of the amounts collected there is an increased risk to staff should any anomalies occur.	When income is emptied from the safe in the office, the Record of Daily Income should be supported by the signatures of the two persons involved in counting this.	Agreed.  Two members of staff will sign and evidence the collections.	Business Facilities Manager  30 <sup>th</sup> June 2017
<b>5.4.2</b> <b>High</b>	<p>Since the previous audit review the Private Fund Management Committee has been amended to include appointments which are reflective of staff responsibilities. These staff are based within the Finance Office at the School.</p> <p>However, the Business Facilities Manager, who has direct line management of these staff is named as a Fund Auditor. As a consequence, it is deemed that the Business Facilities Manager is not sufficiently independent of the running of the Private Fund.</p>	The Fund Auditor is not able to demonstrate they are wholly independent of the operation of the School Private Fund.	The School should appoint an alternative auditor for the School Private Fund who is independent of the administration of the account.	Agreed.  The Headteacher and Deputy Headteacher will undertake the annual review.	Headteacher & Deputy Headteacher  December 2017

## 5.5 FRIENDS OF FERNDALE

**AUDIT OBJECTIVE:** To ensure that the Friends of Ferndale PTA account is separately administered to the School Budget Account.

REF & PRIORITY	FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.5.1 High	<p>A Friends of Ferndale Charity was established as a PTA (as in the majority of schools) to support various functions outside the remit of delegated school funding for the benefit of pupils and the community.</p> <p>The School's financial systems were used to facilitate the start-up and growth of the Charity. Whilst this has been done via a re-charge to a standalone cost centre within the School's ledger and appropriate audit trails are in place, given the growth and forecasted turnover of the Charity this arrangement needs to cease.</p>	<p>All stakeholders must review the Charity's use of the School's financial systems with a view to splitting them formally and providing the necessary distinction between the two legal entities</p> <ul style="list-style-type: none"> <li>Any transactions administered through the School budget that are not in relation to the School should cease immediately. All transactions for the 'Friends of Ferndale' should be administered only via their own purchasing, income and banking facilities.</li> </ul> <p>Additionally, an exercise should be undertaken to determine if the School owe/or are owed money to/by the Friends of Ferndale, with the amount owing/owed transferred so that the School account is accurate.</p>	<p>Agreed.</p> <p>These bridging processes were in place for 15 months pending the full establishment of The Fern Partnership as a Ltd. Charitable organisation.</p> <p>As of December 2016 all transactions via the allocated School cost centre ceased following the establishment of separate financial systems for the Fern Partnership, including a purchase card.</p> <p>A full audit of the relevant cost centres has been undertaken for the last two years to ensure that no monies are either owed or owing.</p>	Implemented.

REF & PRIORITY	FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.5.2  High	<p>The School have an SLA in place with the 'Friends of Ferndale' to hire a section of the building to allow them to locate and operate a Flying Start provision (Little Ferns).</p> <p>As part of this SLA, an amount of £10,000 is 'donated' to the School by the 'Friends of Ferndale' and has been treated as non-vatable income by the School on SIMS.</p> <p>However, discussions with the Council's VAT Team established that this income should be vatable, as the School are providing a service, which as highlighted within the SLA includes accommodation, heating and lighting, refuse collections, cleaning, repairs and maintenance.</p>	Income received by the School for the SLA agreement with the 'Friends of Ferndale' should be accounted for appropriately i.e. Vatable.	Agreed. The SLA will be amended for 2017/18.	<p>Business Facilities Manager</p> <p>30<sup>th</sup> June 2017</p>

REF & PRIORITY	FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.5.3 High	<p>At the time of the fieldwork for the audit, 2 members of School staff were in receipt of honorariums that related to work undertaken in respect of the Charity (both are part time members of School staff). The honorariums are paid for by the Charity via a payment to the School.</p> <p>The Business Facilities Manager is also in receipt of an allowance which is paid by the Charity. This is in addition to the salary received from the School for her full time role.</p>	Management should consider whether the current arrangements are appropriate going forward.	<p>As of April 2017, no school employed staff other than the Business Manager undertake duties related to The Fern Partnership during School time.</p> <p>Day to day financial and HR tasks relating to The Fern Partnership are now undertaken by its own staff, including a Finance Manager appointed in October 2016.</p> <p>The Business Manager is in receipt of an allowance from The Partnership for work involving the overall strategic management of Community Development.</p> <p>This work is separate to school employment and is to be carried out in her own time. The Headteacher and Governing Body have now put in place a flexible working arrangement to facilitate this, ensuring that both the school and community continue to benefit.</p>	Headteacher (Ongoing)
5.5.4 High	<p>The 'Friends of Ferndale' have established a Board of Trustees.</p> <p>At the time of the fieldwork for the audit, 4 of the 5 Board Members also sat on the main School Governing Body. However, they had not declared this on their Register of Business Interests.</p>	The 4 Friends of Ferndale Board members need to declare their positions on their Register of Business Interests for the School Governing Body to demonstrate transparency in the decision making process.	Agreed.	Business Facilities Manager September 2017

REF & PRIORITY	FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.5.5 High	<p>Examination of the purchases made using the School's Purchase Card from April 2016 to the time of audit identified the following issues: -</p> <ul style="list-style-type: none"> <li>The School Purchase Card has been used to make purchases for both the Youth Centre and a large number of purchases for the Friends of Ferndale.</li> </ul> <p>The School Purchase Card has been used by the Childcare and Community Manager of the Friends of Ferndale, who is not an employee of the School. Additionally, the Childcare and Community Manager has stored the card details on a website hence further orders could be placed without needing to have access to the Purchase Card (with these accounts also not in the School's name).</p>	<p>Only authorised (School) staff should have access to and make purchases using the School's Purchase Card.</p> <p>Additionally, access to the Purchase Card should be restricted to appropriate School staff with steps taken to ensure that the Childcare and Community Manager of Friends of Ferndale (along with anyone else) have deleted all accounts with the Purchase Card details stored.</p>	<p>Agreed.</p> <p>This practice ceased with immediate effect once independent financial systems for The Fern Partnership were in place.</p>	Implemented.

REF & PRIORITY	FINDING	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.5.6 High	<p>Examination of the School's Private Fund Account identified instances where income / expenditure transactions in respect of the Friends of Ferndale and the Youth Club had being processed via the account.</p> <p>Discussions with the Business Facilities Manager revealed that the School Private Fund Account is being used as a 'holding tank' for the safe keeping of Youth Club monies, whilst in respect of the Friends of Ferndale it is easier to bank money using this method (with a subsequent cheque drawn to withdraw the income banked) as an in/ out capacity.</p> <p>It is acknowledged that there has been no loss to the School Private Fund.</p>	<p>No income / expenditure transactions should be administered through the School Private Fund for any activities not directly linked to the School Private Fund Regulations.</p> <p>Alternate arrangements should be made immediately to process income / expenditure transactions on behalf of the Friends of Ferndale and the Youth Club.</p>	<p>Agreed. No further transactions will be facilitated in this way.</p>	<p>Implemented.</p>

**AUDIT NAME: LLWYDCOED PRIMARY**

**DATE FINAL REPORT WAS ISSUED: 12/06/2017**

**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.

Llwydcoed Primary was last subject to an Internal Audit Review in October 2013 and this is the third cyclical visit made to the School to examine progress made under the self-evaluation process.

**SCOPE & OBJECTIVES**

The checklist for non-chequebook primary schools comprises of 101 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial 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 requirement of the 2016 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 IT equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

**AUDIT OPINION**

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

**Safeguarding**

The School has a Child Protection Policy in place. This was presented to the Governing Body at their meeting held on 13th October 2016 and is next scheduled for review in December 2017. It was noted however that the Staff Disciplinary Policy has not been reviewed since the model policy was received



from the Local Education Authority in September 2013. Training undertaken in respect of Safeguarding was evident, with certificates present and a record of training and when this was undertaken maintained. A record of DBS checks was in place and up to date. The School use the Evolve system to document and authorise all planned trips.

#### **School Private Fund**

Records in respect of the School Private Fund need to be improved. At the time of the review, the Private Fund Ledger had not been updated with any income or expenditure transactions in respect of the current academic year. Furthermore the School Clerk was absent during January 2017 (due to sickness) and whilst a temporary School Clerk was appointed, no records of income received were maintained during this time. This report recommends that a Record of Daily Income be introduced to record all income received and the Private Fund Ledger is updated on a regular basis (weekly) and reconciled in a timely manner.

Cheques from the School Private Fund have sometimes, in emergencies, been pre-signed by one of the cheque signatories which is not permitted. During the period examined 4 items of expenditure totalling £195.00 were identified which were not supported by a receipt or recorded on the un-receipted expenditure form (PF2). The Headteacher and the Fund Auditors should now satisfy themselves that all income and expenditure transactions during this period are appropriate and that the recommendations in this report are implemented with immediate effect.

#### **School Meals Income**

Dinner money is updated to SIMS daily and subsequently banked; however a variance of £35.00 was identified between the income total on SIMS and the income actually banked for the period January to March 2017.

It was also identified that the School have only submitted one school meal arrears report so far this academic year despite there being 17 pupils with individual arrears in excess of £24.00 (combined total of £778.37). Although the School are sending out reminders to parents, none of these arrears have formally been referred to Catering Finance for further recovery action in accordance with the protocol.

#### **Purchase Card**

There is 1 purchase card in operation at the School. The review identified that the transaction log had not been updated since January 2017 due to staff illness. Furthermore, during this time there had been no regular reconciliation of transactions and 85 items of expenditure dating back to November 2016 have not been authorised on the Barclaycard system.

#### **Purchasing**

The School are utilising the Purchase Card as their primary method of purchasing goods and services and hence orders are not raised.

#### **Formula Funding**

Pupil numbers were reviewed and no discrepancies were noted.

#### **Data Security & Inventory**

This area had not been completed on the latest Self Evaluation Checklist submitted by the School in June 2016. It should be ensured that this document is fully completed to reflect all controls at the School and submitted to Internal Audit by the required deadline.

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

### **SUMMARY OF RECOMMENDATIONS:**

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
<p>5.1.1</p> <p>High</p>	<p>Income received into the School Private Fund should be recorded into a small exercise book. On review of the book it was noted that no entries had been made since the 18th January 2017 (since which the School Clerk was on sick leave).</p> <p>In addition to the above, review of the Private Fund ledger revealed that it had not been completed for the current academic year (September 2016), again this is due to the School Clerk's periods of sickness throughout the year.</p>	<p>A Record of Daily Income (the pro-forma for which can be found at Appendix 6 in the Private Fund Regulations) should be introduced to record all Private Fund income received and replace the exercise book.</p> <p>The Record of Daily Income sheets should be completed as and when income is received and should be ruled off when income is banked and the total income banked and the date of banking should be recorded.</p> <p>The Private Fund Ledger should be completed on a regular basis (weekly) and summarise the income received each week. Electronic ledgers should be printed out monthly, in line with the School Private Fund Regulations, and used as part of the reconciliation process. These should then be retained along with the monthly statements and signed and dated as part of this process.</p>
<p>5.1.2</p>	<p>Whilst the School has three cheque signatories in place, one of these signatories is currently on</p>	<p>The School should consider adding</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
High	maternity leave and has been since July 2016. It was also reported that on occasions it has been necessary to pre-sign cheques as cheque signatories have been unavailable.	a fourth cheque signatory to the Private Fund account.  Under no circumstances should cheques be pre-signed.
5.1.3 Medium	<p>On review of expenditure from September 2016 to date it was noted that 4 payments made were not supported by any receipts or invoices as follows:</p> <p>Chq No: 1760 - £50.00 – Santa Trip Chq No: 1761 - £58.00 – Red Noses Chq No: 1765 - £25.00 – Cynon Valley Football Chq No: 1769 - £62.00 – Aberdare Community School</p> <p>It is recognised that the School does have a Record of Expenditure with Receipt pro-forma in place; however it was noted that it was not used on these occasions to record the unreceipted expenditure.</p>	<p>All items of expenditure should be supported by a receipt or invoice.</p> <p>In the event that a receipt cannot be obtained, a PF2 (Record of expenditure made without receipt) should be used. The recommended format for this record is included at Appendix 8 in the School Private Fund Regulations.</p> <p>The Headteacher and Fund Auditors should satisfy themselves that this expenditure is appropriate.</p>
5.2.1 Medium	<p>Review of the electronic transaction log in place revealed that it had not been updated since January 2017. It is acknowledged that the School Clerk was on sick leave during this period.</p> <p>As the purchase card transaction log had not been updated since January 2017 no evidence of a reconciliation of Purchase Card expenditure was available.</p> <p>A further review of the system revealed that there were 85 transactions dating back to early November 2016 which had yet to be authorised on the system.</p>	<p>Details of all purchase card transactions should be recorded on the transaction log as and when they occur. This should then be used as part of the monthly reconciliation process when comparing to the Barclaycard system with the log being printed</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		and retained with supporting documentation for purchases made in each monthly period, and reviewed by the identified authoriser.
5.2.2  Low	<p>Whilst all expenditure within the sample period examined was supported by a receipt or voucher, for two sampled transactions store loyalty cards had been used.</p> <p>Both purchases were made at Tesco (ref no's 672 - £7.08 and 692 - £20.54) thus benefiting the individuals on School purchases made.</p>	<p>The Headteacher should remind all staff that the use of personal loyalty cards is not permitted when making purchases on behalf of the School.</p> <p>(While not significant in terms of value, this is to protect individuals against any allegations of personal gain).</p>
5.3.1  Low	<p>On review of the school meals income, a comparison of the SIMS system and the total of income banked (as per the banking returns and Civica Financials System) revealed a surplus of £35.00 in the SIMS income total for the period 1/1/2017 to 3/3/2017.</p> <p>It is acknowledged that the School Clerk was on sick leave for much of this period and a temporary member of staff was brought in as cover.</p>	<p>Care must be taken to ensure that the weekly school meal income is updated to SIMS accurately and that the income total on SIMS matches the total of income that is to be banked.</p> <p>The weekly banking returns should be checked and certified by the Headteacher confirming the amounts on SIMS matches that being banked.</p>
5.3.2	It was reported by Catering Finance that the School has only submitted one arrears report of all pupils	The School must ensure that they

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Medium	<p>with arrears in excess of the two week limit.</p> <p>A report taken from SIMS during the visit showed a total of 17 pupils with arrears in excess of £24.00 with a combined total of £778.37 with the highest individual balance of £144.10.</p> <p>It was further reported by Catering Finance that none of the pupils with excess arrears have been formally referred for further recovery action.</p>	<p>submit the school meal arrears reports as requested by Catering.</p> <p>Also where arrears are in excess of the prescribed limits then, as per recovery protocols, these should be formally referred to Catering Finance for further recovery actions.</p> <p>Details of the current arrears should be submitted immediately.</p>
5.4.1 Medium	<p>It was established that whilst a Staff Disciplinary Policy is in place, this had not been reviewed since 2013.</p>	<p>The School and Governing Body should develop a rolling programme for the review of all School Policies. This will ensure that all Policies in place are up to date and reflect the current practices at the School.</p>

<b>CORPORATE &amp; FRONTLINE SERVICES</b>
<b>AUDIT NAME: HOUSING BENEFITS</b>
<b>DATE FINAL REPORT WAS ISSUED: 30/03/2017</b>
<p><b>INTRODUCTION</b></p> <p>Housing Benefit is a national welfare benefit made available to people on low incomes to help them pay their rent. Depending on the individual circumstances of the claimant, they can have part or all of their rent paid.</p> <p>The Housing Benefits System represents an area of potential high financial risk due to the substantial amount of expenditure involved, the number of people dependent on the scheme and the potential for fraud.</p> <p>Rhondda Cynon Taf County Borough Council awards approximately £75m annually to approximately 26,000 claimants.</p>
<p><b>SCOPE &amp; OBJECTIVES</b></p> <p>In accordance with the Internal Audit Plan for financial year 2016/17, a review of the Housing Benefit Service was undertaken.</p> <p>Audit testing focussed on:</p> <ul style="list-style-type: none"> <li>• Ensure that correspondence received at the Housing Advice Centre is promptly forwarded to the Housing Benefits Service for processing;</li> <li>• Establish whether there are benefits to using the text messaging system currently being trialled;</li> <li>• Ensure that Housing Benefits claims are processed efficiently and without delay; and</li> <li>• There are robust processes in place to ensure that the financial incentives available to the Council from the Department for Work and Pensions are maximised.</li> </ul>
<p><b>AUDIT OPINION</b></p> <p>Overall the control environment in relation to the Housing Benefits Service is considered to be effective with opportunity for improvement.</p> <p><b>Housing Advice Centre</b></p> <p>A sample of 13 application forms completed / received from the Housing Advice Centre (located in Sardis House) were examined to determine the timeliness of submitting the forms to the Housing Benefits Service in Bronwydd to be processed.</p> <p>It took an average of 9 days to forward application forms to the Housing Benefits Service. These delays were due to several factors, which included:</p> <ul style="list-style-type: none"> <li>• Application forms only being taken in batches rather than daily / as and when completed;</li> <li>• No set process in place for forwarding the application forms to Bronwydd; and</li> <li>• A misunderstanding regarding the use of the Council's Courier service.</li> </ul> <p>Upon receipt, the application forms and documents were scanned and processed within 2 days by the Housing Benefits Service.</p> <p><b>Text Messaging</b></p> <p>Since May 2016, the Housing Benefits Service has piloted a text messaging system with customers who completed their application online. An email is sent</p>

to the customer in the first instance requesting evidence / further information in order to process their claim.

Where no response is received after 5 days, a text message 'prompt' is sent to the customer. Whilst the content of the text message is satisfactory, for example, reminding the customer that further information / evidence remains outstanding, it was noted that slight amendments to the wording, to make it more personal and to include contact details at the end of the text, may help response times.

### **Processing**

A sample of 10 incomplete paper and electronic application forms were examined to determine whether one method was more efficient than the other.

Whilst contacting customers by email is more cost efficient and reaches the customer instantly, testing identified that there was only a slight difference (3 days) in the time it took customers to respond to correspondence received by email than a letter.

For paper applications, evidence / information required to process a claim is normally received at the time of submitting the application. For electronic applications, this is not the case as evidence has to be presented at a designated office or delivered for processing.

### **Fraud and Error Reduction Incentive Scheme (FERIS)**

The Council has the opportunity to earn incentive payments on a quarterly basis from the Department for Work and Pensions' Fraud Error Reduction Incentive Scheme (FERIS). The scheme offers financial reward to Local Authorities that finds reductions to Housing Benefit entitlement of a total weekly value above a threshold set by the Department for Work and Pensions. The level of reward is dependent on the degree to which the Local Authority exceeds the targets and thresholds. (The lower threshold is 5%, the upper threshold is 20% and the target amount can vary per quarter).

At the time of the review, incentive payments had been received for quarters one and two of 2016/17. The maximum incentive payment available was received for quarter one (£35,587 upper threshold of 20% target reduction £123,272), for quarter two £21,609 was received (threshold of 14% target reduction £123,272). The maximum incentive available for quarter 2 was £38,587 for a target reduction of £130,460.

The Housing Benefits section outlined in their 2016/17 Maintenance Fund Application form to FERIS how they intend on identifying fraud and error. Two key areas were to:

- Review high risk claimants (e.g. earners);
- Review a high % of new claims within a set period.

For each of these areas it was established that:

- Earners are currently checked once every 6 months;
- 131 new claims received between June and October 2016 had been checked as part of a one-off check.

Implementation of the recommendations within this report will enhance the current levels of control within the Housing Benefits service.

### **SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1	The Housing Advice Centre based in Sardis House is Rhondda Cynon Taf's specialist housing advice service for people who need help with their housing.	Management should liaise with the Housing Advice Centre Manager to

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Medium	<p>The Housing Advice Centre staff, where necessary, can help people complete Housing Benefit Application Forms and verify the supporting evidence prior to being submitted to the Housing Benefits Service at Bronwydd House. (There are also 2 additional members of staff at the Grange Hostel who can assist customers in completing Housing Benefit Application forms).</p> <p>Examination of a sample of 13 applications from the Housing Advice Centre identified that it took on average 9 calendar days to forward applications to the Housing Benefit Service at Bronwydd House.</p> <p>From discussions with the Housing Advice Centre Manager, it was apparent that there were several factors contributing to the delays in submitting documentation to Bronwydd:</p> <ul style="list-style-type: none"> <li>• Application forms are taken to Bronwydd in batches (once a fortnight for the applications examined);</li> <li>• There is no designated person or regular schedule for taking documentation from Sardis House to Bronwydd House; documentation is taken to Bronwydd when convenient, or when a member of staff is passing; and</li> <li>• Misunderstanding by the Housing Advice Centre Manager that a physical receipt was required for each piece of documentation taken to Bronwydd and that documentation could not be transported by the Courier.</li> </ul>	<p>establish a more efficient way of forwarding documentation to the Housing Benefits Service at Bronwydd to ensure that all applications are processed promptly, for example, consideration should be given to using the daily courier service.</p>
5.2.1  Low	<p>Since May 2016 the Housing Benefit Service has trialled a text messaging system with customers who have completed an online application form. An email is sent to the customer initially requesting additional evidence / information to process the claim.</p> <p>Where there has been no / partial response after 5 days, a text message 'prompt' is sent to the customer.</p> <p>The text message is standard wording, which currently reads: <i>'We wrote to you previously for some information regarding your housing benefit / council tax reduction.'</i></p>	<p>Management should consider making slight amendments to the content of text messages sent, in particular to include contact details, so that customers can contact the section should they have an enquiry.</p>



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p><i>If you can provide this information as soon as possible we will process your claim within 5 working days'.</i></p> <p>Whilst the content is satisfactory and reminds customers that further evidence / information is required, slight amendments could be made to improve the content, e.g. replace the word 'wrote' to 'emailed'; personalise the text (e.g. Mr / Mrs xxx); include contact details at the end, should the customer have any queries.</p>	
5.3.1 Low	<p>The processing of a sample of 10 incomplete electronic and paper application forms were examined. The following was noted:</p> <p>a) Emails and texts are received by the customer instantly, as opposed to a letter which is sent by 2<sup>nd</sup> class mail and takes 2 - 3 days to arrive at the customer's address.</p> <p>b) There are no costs incurred when contacting customers by email and the cost of sending a text message is minimal, whereas the cost of sending a letter includes printing, packaging and postage.</p> <p>c) There was a slight variation in customer response times:</p> <ul style="list-style-type: none"> <li>• Online applications (emails) – average response 15 days</li> <li>• Paper applications (post) – average response 18 days</li> </ul> <p>d) Similar to above, text message response times took 8 – 13 days, whereas paper application response times took 3 and 18 days (for the two sampled). Although the evidence supports that response times to text messages are quicker than traditional paper / post, a reminder was sent to each electronic applicant, compared to only 2 of the 10 paper applicants.</p> <p>e) Overall processing times for the samples selected were:</p> <ul style="list-style-type: none"> <li>• Electronic - 21 Calendar days</li> <li>• Paper - 25 Calendar days</li> </ul>	<p>Management should consider contacting customers by email in the first instance, instead of a traditional letter, as the correspondence will reach the customer immediately, and the customer may reply / return evidence / information more promptly. It may be beneficial to add options on the application form to request preferred mode of contact, and include email as an option.</p> <p>There are also benefits in terms of cost if more customers are contacted by email instead of a letter.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>f) In total, 27 types of evidence had to be requested for the paper applications, compared to 42 for online applications.</p> <p>Despite completing an online application, the customer still needs to either post the required documentation or physically take them to a designated office.</p>	
5.4.1  Low	<p>The Fraud Error Reduction Incentive Scheme (FERIS) is an incentive scheme from the Department for Work and Pensions. The scheme offers financial reward to Local Authorities that finds reductions to Housing Benefit entitlement of a total weekly value above a threshold set by the Department for Work and Pensions. The level of reward is dependent on the degree to which the Local Authority exceeds the threshold.</p> <p>It was established that the maximum quarterly incentive payment of £38,587 was achieved in quarter 1, whilst £21,609 was achieved in quarter 2.</p> <p>The 2016/17 Maintenance Fund Application outlines how the Housing Benefits Service intends on identifying more changes of circumstances to reduce fraud and error, such as:</p> <ul style="list-style-type: none"> <li>• Continue to review claimant types considered higher risk, for example, earners, customers in receipt of occupational pensions. Testing identified that this is currently reviewed every 6 months.</li> <li>• Review a high % of new claims approximately 12 weeks after they have been submitted. Testing identified that this review has only taken place once during 2016/17, where 131 claims received between June – October 2016 were examined / sampled.</li> </ul>	<p>Management should consider reviewing claimant types considered to be high risk (earners and new claims) more regularly in order to maximise the opportunity to reach the maximum incentive payment each quarter.</p>

## AUDIT NAME: PENSIONS

DATE FINAL REPORT WAS ISSUED: 21/06/2017

### INTRODUCTION

Rhondda Cynon Taf County Borough Council is the administering authority for the RCT Pension Fund. The Fund consists of over 40 employers ranging from the 3 unitary authorities of Rhondda Cynon Taf, Merthyr Tydfil and Bridgend as well as other bodies including Colleges and other employers who work closely with local government. There are approximately 19,500 members in the Fund.

The Pension Service is responsible for the interpretation of all Pensions legislation, the creation and maintenance of records, calculation and payment of benefits and the provision of information to employers, employees and other relevant bodies.

In 2014 Central Government introduced new measures to the Local Government Pension Scheme (LGPS) under the heading "Freedom and Choice". This provided members with a number of additional and potentially more flexible options on how and when they can access their pension after retirement. These alternative options came into effect from April 2015 giving retiring members increased autonomy over how and when they access their pension.

### SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for financial year 2016/17 agreed by Audit Committee, a review of the Pensions Service was undertaken.

Testing was undertaken on a sample of 10 bank account amendments and 4 transfers out of the LGPS.

The objectives of the review were to:

- Ensure that retirement packages of members transferring out of the LGPS (under the Freedom & Choice initiative) had been correctly processed via the prescribed procedures and all necessary documentation is present and completed.
- Ensure that necessary confirmation checks are in place and are carried out on all requests to amend members' personal details such as bank account or address changes to reduce the risk of potential fraudulent requests by third parties – and these checks have been formally documented.

### AUDIT OPINION

The control environment in respect of processing transfers out of the LGPS and amending the personal details of members address and bank account details is considered to be effective.

#### **Freedom & Choice (Transfers out of LGPS)**

The changes made to Pensions legislation which came into effect in April 2015 have given members more choice in respect of how and when they access their pension benefits under the initiative of Freedom & Choice.

Due to these new options, the Pensions Team have introduced processes based upon guidance and legislation issued by the Government Actuary Department. The processes aim to help, guide and advise members wishing to transfer out of the LGPS to help ensure that they are transferring to legitimate and financially secure companies. Key elements of the processes put in place by the Pensions Service include:

- Ensuring that members have sort financial advice from an Independent Financial Advisor (IFA) and this must be confirmed in writing by both parties.

- Diligence checks on financial history of both the IFA and the potential new scheme provider – this includes financial statements but also registration checks with HMRC, Financial Conduct Authority (FCA), and Company's House.

Along with these new procedures comes new documentation which needs to be completed by all parties involved. From a review of a sample of 4 transfers out it was found that the processes put in place have been followed correctly with all necessary checks undertaken and all necessary documentation had been received accordingly in all instances. It must also be acknowledged that these changes have only been in place for a relatively short period of time with only 4 transfers made during 2016/17.

#### **Bank Account Changes**

The Pensions Team have introduced a procedure for the amendment of member's bank account details. The vast majority of these requests will come direct from the members themselves – but there are occasions whereby a third party can also request a change of account details on behalf of the member (a family member or Solicitor acting as power of attorney for example).

From the sample of 10 'request for bank account changes' reviewed, all necessary checks and documentation had been completed accordingly. Where changes were requested from a third party (i.e. Power of Attorney) the relevant court order / legal documentation (Court of Protection) was sort and obtained.

The audit fieldwork identified one potential area of improvement in respect of creating an audit trail to record changes made to bank account details within the computer system used by the Service. Currently all checks are recorded using manual checklists and it is suggested that management consider also recording these checks within the system, for completeness.

**AUDIT NAME: TAXATION**

**DATE FINAL REPORT WAS ISSUED: 28/06/2017**

**INTRODUCTION**

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

At present there are 5 VAT rates:-

- Taxable;
- Standard Rated (ST) 20%;
- Reduced Rate (SU) 5%;
- Zero Rated (ZR) 0%;
- Non Taxable Exempt (EX); and
- Non Business Outside the Scope (OS).

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

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

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

Internal Invoices

Internal Invoices are raised by staff in some Council departments as a simplified means of a department charging another for goods or services provided.

Each internal invoice contains four paper copies and the invoice clearly states where each copy should be sent. The Financial Management & Accounting Service receive a copy and they process/manage the payment of each invoice.

RCT Cheque Book Schools

All RCT schools (cheque book and non cheque book) fall under the VAT registration number of the Council, therefore, all sundry debtor invoices raised to cheque book schools should use the VAT code 'Outside the Scope' where the school's budget is responsible for the expenditure. The VAT code will vary where the Private Fund is responsible for the costs depending on the type of goods/services being supplied.

#### Parks and Countryside

The Council offers a central booking service that is responsible for all outdoor recreation and sporting activities as well as special events and wedding photos in the parks/countryside areas.

All bookings are made through the parks booking office and are charged by sundry debtor invoice. The invoices raised should correspond to the hire charges with all income received correctly accounting for VAT.

#### Amazon Marketplace

Currently over 2 million businesses and sole traders worldwide list their products directly for sale on the Amazon website, known as Amazon Marketplace.

When a customer makes a purchase from a listed company the order is fulfilled by a third party retailer rather than Amazon.

As not all retailers listed are VAT registered, there will be instances where there is no VAT to be reclaimed on the purchase being made.

Taxation/VAT is considered to be a potential high risk area and as such is incorporated into the Audit Plan on an annual basis.

#### **SCOPE & OBJECTIVES**

In accordance with the Internal Audit Plan for Financial Year 2016/2017, a review of Taxation was undertaken specifically focussing on the Council's administration of VAT.

The specific control objectives examined were to ensure that:-

- VAT on Internal Invoices is correctly administered.
- VAT on sundry debtor invoices raised to RCT cheque book schools is correctly administered.
- VAT on Parks and Countryside income is correctly administered.
- VAT on Amazon Marketplace purchases is correctly administered.

#### **AUDIT OPINION**

Overall the control environment specifically relating to the administration of VAT is considered to be effective with opportunity for improvement.

#### Internal Invoices

The amount charged on internal invoices should be raised net of VAT, if the amount to be charged has VAT included in the set price.

Audit testing identified 3 out of 17 internal invoices being raised incorrectly as the amounts charged included VAT. The VAT amount should be removed from the price charged on the internal invoice.

#### RCT Cheque Book Schools

All sundry debtor invoices raised to RCT cheque book schools should use VAT code 'Outside the Scope' as RCT schools fall under the VAT registration of the Council.

Examination of sundry debtor invoices raised in the 10 month period to January 2017 established that 'Outside the Scope' is not the only VAT code used as follows:-

- Exempt - 27 invoices totalling £28,275.08;
- Zero Rate - 56 invoices totalling £134,134.37; and
- Standard Rate - 23 invoices totalling £15,989.47.

#### Parks and Countryside

External invoices are raised by a variety of officers and the VAT treatment should be based on the type of booking/activity.

It was established that 9 out of 43 external invoices sampled had incorrectly accounted for VAT, as follows:-

- 5 invoices, totalling £18,991.96 (including VAT), had been raised as Standard Rate whereas 4 should have been raised Exempt and 1 Outside the Scope.
- 2 invoices, totalling £944.50, had been raised Exempt whereas they should have been raised Standard Rate.
- 1 invoice totalling £113.20 (including VAT) was raised Exempt/Standard Rate whereas it should have been raised Exempt as per the charging policy of the establishment.
- 1 invoice totalling £147.00 (including VAT) was raised Outside the Scope/Standard Rate whereas it should have been raised Standard Rate.

#### Amazon Marketplace

Examination of a sample of 12 invoices identified that 4 had incorrectly accounted for VAT, resulting in VAT being over claimed. There were 6 instances where VAT had not been reclaimed, but if the correct checks had been undertaken and appropriate backing documentation obtained, VAT may have been able to be reclaimed on 3.

The issues in the report need to be addressed in order to provide the necessary improvements in management control and to comply with HMRC guidelines.

### **SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1	A sample of 17 internal invoices were examined to ensure that VAT is not included within the charge.  It was established that 3 internal invoices had been raised incorrectly – the amount charged was	The VAT Team should remind all staff with responsibility for raising internal invoices that all costs

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low	<p>inclusive of VAT:-</p> <ul style="list-style-type: none"> <li>17/05/16: £184.20 - Internal invoice raised by Rhondda Fach Sports Centre to Communities First Rhondda Fach Cluster in respect of sports hall hire.</li> <li>19/05/16: £230.00 - Internal invoice raised by the Sobell Leisure Centre to Sports Development in respect of sports hall hire.</li> <li>20/04/16: £141.90 - Internal invoice raised by Leisure Services to Mid Rhondda Communities First in respect of 6 child Leisure Life monthly memberships.</li> </ul>	should not include VAT at the Standard Rate.
5.2.1 Medium	<p>All sundry debtor invoices raised to RCT cheque book Schools should use VAT code 'Outside the Scope' when a School's budget is responsible for the cost, as schools fall under the VAT registration of the Council.</p> <p>Examination of all sundry debtor invoices raised to RCT cheque book schools in the period 01/04/16 to 26/01/17 established that the 'Outside the Scope' VAT code had not always been used as follows:-</p> <ul style="list-style-type: none"> <li>VAT Code – Exempt (0% VAT) <ul style="list-style-type: none"> <li>27 invoices raised to the value of £28,275.08.</li> </ul> </li> <li>VAT Code - Zero Rate (0% VAT) <ul style="list-style-type: none"> <li>56 invoices raised to the value of £134,134.37.</li> </ul> </li> <li>VAT Code - Standard Rate (20% VAT) <ul style="list-style-type: none"> <li>23 invoices raised to the value of £15,989.47.</li> </ul> </li> </ul>	<p>All external invoices raised to RCT cheque book schools should correctly account for VAT.</p> <p>All RCT cheque book schools fall under the Council's VAT registration, therefore, all external invoices raised to RCT cheque book schools, where the schools budget is responsible for the cost, should use VAT code 'Outside the Scope' (VAT codes will vary where the Private Fund is responsible for the costs).</p> <p>Instructions on the treatment of VAT should be issued to all officers who raise external invoices to RCT cheque book schools; the instructions should include when</p>



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		<p>the VAT code 'Outside the Scope' should/should not be used.</p> <p>Periodically, management should select a sample of external invoices raised to RCT cheque book schools to ensure that the correct VAT rate is being applied.</p>
<p>5.3.1</p> <p>Medium</p>	<p>A selection of external invoices raised by officers of the Parks &amp; Countryside Service were examined to ensure that VAT had been correctly accounted for on each.</p> <p>VAT Treatment Exempt</p> <p>5 exempt invoices sampled, VAT incorrectly accounted for on 3:-</p> <ul style="list-style-type: none"> <li>• 22/04/16: £102.10 <ul style="list-style-type: none"> <li>○ Invoice raised to Llan &amp; Llan Hockey Club. No block booking agreement in place for period of hire so correct VAT treatment is Standard Rate.</li> </ul> </li> <li>• 05/05/16: £107.67 plus VAT £5.53 <ul style="list-style-type: none"> <li>○ Invoice raised to RCT Citizens Advice Bureau. Mixed supply invoice for room hire and refreshments but VAT treatment should reflect charging policy so correct VAT treatment is Exempt.</li> </ul> </li> <li>• 14/09/16: £842.40 <ul style="list-style-type: none"> <li>○ Invoice raised to Llantrisant Sharks. Not all block booking conditions complied with so correct VAT treatment is Standard Rated.</li> </ul> </li> </ul> <p>VAT Treatment Outside the Scope</p> <p>18 Outside the Scope invoices sampled (5 to schools and 13 non schools). VAT incorrectly accounted for on 1 of the non schools:-</p>	<p>All external invoices raised should correctly account for VAT.</p> <p>The VAT Team should issue instructions on the correct treatment of VAT to the officers who raised each invoice highlighted.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<ul style="list-style-type: none"> <li>22/4/16 £134.75 plus VAT £12.25               <ul style="list-style-type: none"> <li>Invoice raised to AFC Graig. Mixed supply invoice and no block booking agreement in place for period of hire so correct VAT treatment is all Standard Rated.</li> </ul> </li> </ul> <p>VAT Treatment Standard Rate</p> <p>20 standard rated invoices sampled, VAT incorrectly accounted for on 5:-</p> <ul style="list-style-type: none"> <li>24/10/16 £66.67 plus VAT £13.33               <ul style="list-style-type: none"> <li>Invoice raised to Cynon Taf Community Housing. Basic room hire so correct VAT treatment is Exempt.</li> </ul> </li> <li>13/09/16 £15,000.00 plus VAT £3,000.00               <ul style="list-style-type: none"> <li>Invoice raised to Gilfach Goch Community Council. Contribution towards play area so correct VAT treatment is 'Outside the Scope'.</li> </ul> </li> <li>08/08/16 £519.75 plus VAT £103.95               <ul style="list-style-type: none"> <li>Invoice raised to Penygraig Meithrin. Hire of premises so correct VAT treatment is Exempt.</li> </ul> </li> <li>10/01/17 £74.38 plus VAT £14.88               <ul style="list-style-type: none"> <li>Invoice raised to Fireworks World Ltd. Hire of land so correct VAT treatment is Exempt.</li> </ul> </li> <li>28/06/16 £165.83 plus VAT £33.17               <ul style="list-style-type: none"> <li>Invoice raised to Sport Cardiff. Provision of training course so correct VAT treatment is Exempt.</li> </ul> </li> </ul>	
5.4.1  Medium	<p>A sample of 12 transactions made via the Amazon Marketplace were examined to establish whether VAT had been correctly accounted for.</p> <p>Issues were noted with 4 transactions as follows:-</p> <ul style="list-style-type: none"> <li>09/09/2016: Glenboi Primary               <ul style="list-style-type: none"> <li>Litter bins - £389.64, £64.94 VAT reclaimed. No VAT invoice and no evidence of check being undertaken on the VAT status of the Marketplace supplier.</li> </ul> </li> <li>23/12/16: Bronllwyn Home For The Elderly</li> </ul>	<p>Guidance should be provided to all Purchase Card holders/authorisers on the treatment of VAT on purchases made from the Amazon Marketplace and other similar retailers.</p> <p>The guidance should include how</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<ul style="list-style-type: none"> <li>○ Candy Cart Sweet Stall - £311.98, £52.00 VAT reclaimed. No VAT invoice and no evidence of check being undertaken on the VAT status of the Marketplace supplier.</li> <li>• 12/01/17: Rhondda Heritage Park <ul style="list-style-type: none"> <li>○ Projector - £159.98, £26.66 VAT reclaimed.</li> <li>○ No VAT invoice and no evidence of check being undertaken on the VAT status of the Marketplace supplier.</li> </ul> </li> <li>• 27/01/17: Park Lane Special School <ul style="list-style-type: none"> <li>○ Camera/Consumables – £144.28, £24.05 VAT reclaimed. No VAT invoice and no evidence of check being undertaken on the VAT status of the Marketplace supplier. VAT amount on invoice only £15.71.</li> </ul> </li> </ul> <p>VAT had not been reclaimed on 6 transactions, either due to there being no VAT invoice or because checks on the VAT status of the Marketplace supplier had not been undertaken. However, if the checks had been done and appropriate backing documentation obtained, VAT could have been reclaimed on 3 transactions:-</p> <ul style="list-style-type: none"> <li>• 25/11/16 Hawthorn Leisure Centre <ul style="list-style-type: none"> <li>○ Christmas Decorations £48.95.</li> <li>○ VAT of £8.16 to be reclaimed.</li> </ul> </li> <li>• 14/12/16 Abercynon Depot <ul style="list-style-type: none"> <li>○ Squeegees £238.38.</li> <li>○ VAT of £39.73 to be reclaimed.</li> </ul> </li> <li>• 16/01/17 Flying Start <ul style="list-style-type: none"> <li>○ Briefcases £169.98.</li> <li>○ VAT of £28.33 to be reclaimed.</li> </ul> </li> </ul> <p>Officers responsible for the Purchase Cards stated they are unsure on the treatment of VAT and the process to follow when a VAT receipt is not provided.</p>	to establish whether VAT can be reclaimed if no VAT receipt is provided and if the VAT status of the supplier is unknown.

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