

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

**COMMITTEE:**

**AUDIT COMMITTEE**

**4<sup>th</sup> September 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)  
(01443) 680779

**1. PURPOSE OF THE REPORT**

This report provides Members with a summary of audit assignments completed between 5<sup>th</sup> July and 23<sup>rd</sup> August 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 5<sup>th</sup> July and 23<sup>rd</sup> August 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. The completed audit assignments are:

- Penpych Primary School;
- Saints Gabriel & Raphael Primary School; and

- Treorchy Primary School.

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?

#### 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.

\*\*\*\*\*

### **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**

**4<sup>th</sup> September 2017**

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

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

**Item**

**File Ref:**

5. Finalised Audit Assignments

IA / MC

Contact Officer: Marc Crumbie  
Head of Internal Audit & Procurement Delivery  
Programme  
Bronwydd House  
Porth  
CF39 9DL  
Tel. No. (01443) 680779



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



**EDUCATION & LIFELONG LEARNING****AUDIT NAME: PENPYCH COMMUNITY PRIMARY SCHOOL****DATE FINAL REPORT WAS ISSUED: 21/07/2017****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.

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

**AUDIT OPINION**

Overall, the control environment at Penpych Community Primary School is considered to be insufficient and requires improvement.

### Governance

The structure and constitution of the Governing Body and Sub Committees have been established and is reviewed and approved annually.

Signed copies of minutes are retained at the School; however the Chairperson only signs the front pages (the minutes are loose-leaf and are printed back to back).

Initially, 3 declarations of business interests had not been completed; however these were completed at the time of the audit and retained at the School.

There are currently 2 Governing Body vacancies: 1 Community Governor and 1 Staff Governor.

Whilst all statutory policies and documents were reviewed in January 2017 and the front covers signed by the Chair of Governors, they had not been detailed in the Governing Body minutes as being ratified.

### Safeguarding

There is a Safeguarding Policy at the School which is reviewed annually. 3 members of staff have been named as responsible for Safeguarding and a member of the Governing Body. Only the Headteacher's Level 3 certificate was present at the School.

Level 1 training was provided to the whole School in April 2016. There was an attendance list present for the training; however not all members of staff were listed, and there is no central training record.

Evolve was used to record and approve all educational visits tested during the audit.

### School Private Fund

An appropriate Management Committee has been established; however while 2 Auditors have been appointed one of these is currently a cheque signatory and not sufficiently independent.

The Annual Certificate and Audited Accounts were submitted to Education Finance by the required date.

The Ledger is maintained electronically; however it is not printed monthly for reconciliation purposes as per the School Private Fund Regulations.

Examination of the bank statements identified that the account was overdrawn by £96.39 in September 2016, which is not permitted.

When reconciling income, it was established that there was £1,524.02 in the bank account that is owed to the budget account. There were also 2 occasions where income had not been recorded on the Record of Daily Income, but was recorded on the Ledger (and banked).

There are 2 cheque signatories at present, both of which have to sign to authorise a cheque. As detailed earlier, one of these signatories is currently an Auditor of the account.

For the expenditure examined as a sample, 5 receipts could not be located and no 'Record of Expenditure Without Receipt Form' is in use. The total value of this expenditure was £2,636.86.

### Purchase Card

There is no transaction log in use at the School which reduces control and does not allow for a meaningful reconciliation to be undertaken.

Of the purchases examined as a sample, there were 2 occasions where flowers were purchased for staff and receipts that could not be located to support a further 5 items of expenditure incurred. In addition, not all of the receipts examined were appropriate VAT receipts.



No cash is withdrawn.

#### School Meals

At present, there is no independent review of the school meal process.

The school meal income examined as a sample was appropriately recorded and banked without delay.

There are daily checks to ensure that the correct number of meals has been served and the School Clerk has adequate processes in place for pursuing school meal arrears.

Authorisations were present at the School for each of the free school meal pupils sampled.

#### Data Security & Inventory

The School has registered with the Information Commissioner's Office. Back-ups are undertaken daily. Equipment has been marked as property of the School. However, the School does not have an inventory at present. No equipment is taken off-site.

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

### **SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1  Low	The membership of Governing Bodies is set out in Chapter 3 of the Government of Maintained Schools (Wales) Regulations 2005.  Examination of the Governing Body structure revealed that there are currently 2 vacancies: 1 Community Governor and 1 Staff Governor.	The School should continue to seek to fill the 2 Governor vacancies as soon as possible.
5.1.2  Medium	Section 47 of 'The Government of Maintained Schools (Wales) Regulations 2005 states that: <i>'The Clerk...must ensure that minutes of the proceedings of a meeting of the Governing Body are drawn up and signed by the Chair...Minutes of proceedings must be entered into a book kept for the purpose by the Clerk or on loose leaf pages consecutively numbered; but in that case the person signing the minutes must initial each page.'</i>  All minutes are loose leaf pages and are printed back to back. However, they are not numbered and only the front pages are signed by the Chair of Governors.	Where minutes are loose-leaf, each page (front and back) should be numbered and the last page signed and dated by the Chair.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	In addition, the last page of the Summer 2015 Full Governing Body meeting had not been signed.	
5.1.3 Medium	Whilst all statutory policies and documents were reviewed in January 2017 and the front cover of each Policy signed by the Chair of Governors, not all were recorded in the Governing Body minutes as being ratified.	When policies and documents are reviewed and ratified by the Governing Body, it should be ensured that they are clearly detailed in the minutes for transparency.
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: <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>The Headteacher and 2 other members of staff are trained to Level 3; however only certificates for the Headteacher were present at the School.</p> <p>The attendance list for Level 1 Safeguarding training delivered on 18<sup>th</sup> April 2016 was compared to the list of staff from Vision. It was noted that 4 members of staff were not on the attendance list. In addition to this, there is no central record of Safeguarding training at the School.</p>	<p>The School should develop a central training record 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> <p>Certificates should be retained at the School for all staff.</p>
5.3.1 Medium	<p>Point 18 of the School Private Fund Regulations refers to School Budget income. Point 18.3 states: <i>'If the income is banked into the School Private Fund a cheque for the same amount must be paid promptly to the School Budget and clearly annotated on the School Private Fund records.'</i></p> <p>Examination of the records identified that the following 2 insurance cheques banked to the School Private Fund Account have yet to be paid to the School's Budget Account:</p> <ul style="list-style-type: none"> <li>• £1,007.02 banked into the School Private Fund on 25<sup>th</sup> November 2016; and</li> <li>• £125.00 banked into the School Private Fund on 5<sup>th</sup> May 2017.</li> </ul>	<p>Where income is banked into the Private Fund which is due to the School Budget, a cheque for the same amount must be promptly raised to the School Budget account.</p> <p>The amounts owed should be</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>A cheque for £392.00 in respect of 'student teacher funding' was also banked into the School Private Fund on 3<sup>rd</sup> March 2017, but has yet to be paid to the budget account.</p> <p>There were also 2 entries on the Ledger that were not recorded on the Record of Daily Income:</p> <ul style="list-style-type: none"> <li>• £539.00 - PGL trip money - 17<sup>th</sup> March 2017; and</li> <li>• £2,125.00 - insurance - 24<sup>th</sup> March 2017.</li> </ul>	<p>repaid to the Budget account with immediate effect.</p> <p>The income recorded on all records should correspond.</p>
5.3.2 Low	<p>Point 3.7 of the School Private Fund Regulations states: <i>'Bank accounts must not operate with overdrawn / debit balances and under no circumstances should overdraft facilities be arranged'.</i></p> <p>Testing identified that on 6th September 2016 the account was overdrawn by £96.89 and was charged £2.40 interest as a consequence.</p>	It should be ensured that the account is never overdrawn.
5.3.3 Low	<p>Appendix 2 (point 1.2) of the School Private Fund Regulations provides guidance on how to maintain an electronic ledger.</p> <p>Whilst the School Clerk maintains an electronic ledger, not all of the conditions outlined in the Regulations are being met i.e. it is not printed monthly for reconciliation purposes and a copy retained at the School.</p>	It should be ensured that the School maintain the electronic ledger in line with the requirements set out within the School Private Fund Regulations i.e. Appendix 2 (point 1.2).
5.3.4 Medium	<p>Currently, there are only 2 cheque signatories, both of whom are required to sign to authorise a cheque.</p> <p>Additionally, one of the cheque signatories is also an Auditor of the account.</p>	<p>The School should add another cheque signatory to ensure that cheques can always be authorised and issued promptly (in the absence of 'one' signatory).</p> <p>The School should appoint another</p>

SUMMARY OF RECOMMENDATIONS:																				
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION																		
		Auditor when presenting the next Annual Certificate and Audited Accounts to Education Finance, and ensure that the Auditor is completely independent to the operation of the account.																		
5.3.6 High	<p>Point 5.1 of the School Private Fund Regulations states: <i>'All items of expenditure must be supported by a relevant receipt / invoice as proof of payment. Where, due to exceptional circumstances, it is accepted that such documents cannot reasonably be provided; the Treasurer must record the details of the purchase on a Record of Expenditure Made Without Receipts Form, which must be signed by the member of staff who incurred the expenditure'.</i></p> <p>24 purchases from the School Private Fund were examined as a sample. No receipts were located for the following:</p> <table border="1"> <tbody> <tr> <td>26<sup>th</sup> September 2016</td><td>cheque number 702532</td><td>£500.00</td></tr> <tr> <td>17<sup>th</sup> October 2016</td><td>cheque number 702535</td><td>£925.00</td></tr> <tr> <td>31<sup>st</sup> October 2016</td><td>cheque number 702538</td><td>£309.16</td></tr> <tr> <td>16<sup>th</sup> November 2016</td><td>cheque number 702539</td><td>£200.00</td></tr> <tr> <td>11<sup>th</sup> January 2017</td><td>cheque number 702543</td><td>£702.70</td></tr> <tr> <td colspan="2"></td><td><b><u>£2,636.86</u></b></td></tr> </tbody> </table> <p>There is no 'Record of Expenditure Made Without Receipt' form in use.</p>	26 <sup>th</sup> September 2016	cheque number 702532	£500.00	17 <sup>th</sup> October 2016	cheque number 702535	£925.00	31 <sup>st</sup> October 2016	cheque number 702538	£309.16	16 <sup>th</sup> November 2016	cheque number 702539	£200.00	11 <sup>th</sup> January 2017	cheque number 702543	£702.70			<b><u>£2,636.86</u></b>	<p>Receipts should be retained to support all expenditure from the School Private Fund.</p> <p>Where this is not possible, a 'Record of Expenditure Made Without Receipt' form should be completed and appropriately signed, an example of which can be found in the School Private Fund Regulations (Appendix 8).</p>
26 <sup>th</sup> September 2016	cheque number 702532	£500.00																		
17 <sup>th</sup> October 2016	cheque number 702535	£925.00																		
31 <sup>st</sup> October 2016	cheque number 702538	£309.16																		
16 <sup>th</sup> November 2016	cheque number 702539	£200.00																		
11 <sup>th</sup> January 2017	cheque number 702543	£702.70																		
		<b><u>£2,636.86</u></b>																		
5.4.1 High	<p>Point 6.1 of the Cardholder Manual for Schools states: <i>'Each Purchasing Card transaction should be recorded on your transaction log as soon as the transaction is complete to ensure that no information is omitted.'</i></p>	In line with the Cardholder Manual, a transaction log should be maintained, which is updated as and when transactions occur.																		

SUMMARY OF RECOMMENDATIONS:																					
REPORT REF. & PRIORITY	FINDING		RECOMMENDATION																		
	The School Clerk does not maintain a transaction log.		The transactions listed on the log should then be regularly reconciled to the Barclays system.																		
5.4.2  Medium	<p>Testing identified the following 2 purchases that are not considered to be appropriate:</p> <ul style="list-style-type: none"><li>• 20<sup>th</sup> July 2016 - Seasons Florist, £29.00</li><li>• 4<sup>th</sup> August 2016 - Silks Florist, £20.00</li></ul> <p>The Headteacher confirmed that these were flowers bought for one member of staff who left and another who was ill.</p>		<p>All Purchase Card expenditure should be for the benefit of the School.</p> <p>Any gifts for staff etc., would be more appropriately funded by a staff collection.</p>																		
5.4.3  High	<p>Of the 17 transactions examined as a sample, receipts could not be located for the following:</p> <table><tr><td>7<sup>th</sup> July 2016</td><td>Booker Limited</td><td>£185.59</td></tr><tr><td>17<sup>th</sup> July 2016</td><td>Booker Limited</td><td>£107.45</td></tr><tr><td>20<sup>th</sup> July 2016</td><td>Seasons Florist</td><td>£29.00</td></tr><tr><td>4<sup>th</sup> August 2016</td><td>Silks Florist</td><td>£20.00</td></tr><tr><td>1<sup>st</sup> November 2016</td><td>Booker Limited</td><td>£97.46</td></tr><tr><td colspan="2"></td><td><u>£439.50</u></td></tr></table> <p>In addition, no appropriate VAT receipts were present to support the following purchases:</p> <ul style="list-style-type: none"><li>• 9<sup>th</sup> June 2016, Amazon, £71.01 gross £11.84 VAT;</li><li>• 13<sup>th</sup> September 2016, Screwfix, £50.76 gross £8.45 VAT;</li><li>• 1<sup>st</sup> November 2016, Amazon, £99.99 gross £16.67 VAT;</li><li>• 17<sup>th</sup> November 2016, Amazon, £41.99 gross £7.00 VAT;</li><li>• 10<sup>th</sup> January 2017, Amazon, £27.58 gross £4.60 VAT; and</li><li>• 7<sup>th</sup> February 2017, iTunes, £31.29 gross £5.22 VAT.</li></ul>		7 <sup>th</sup> July 2016	Booker Limited	£185.59	17 <sup>th</sup> July 2016	Booker Limited	£107.45	20 <sup>th</sup> July 2016	Seasons Florist	£29.00	4 <sup>th</sup> August 2016	Silks Florist	£20.00	1 <sup>st</sup> November 2016	Booker Limited	£97.46			<u>£439.50</u>	<p>Receipts should be retained to support all Purchase Card expenditure.</p> <p>Every effort should be made to obtain an appropriate VAT receipt to accompany all purchases where VAT is to be reclaimed. An appropriate VAT receipt should include:</p> <ul style="list-style-type: none"><li>• details of the sale including the tax date;</li><li>• the supplier's VAT registration number;</li><li>• the amount paid for the goods or services; and</li></ul>
7 <sup>th</sup> July 2016	Booker Limited	£185.59																			
17 <sup>th</sup> July 2016	Booker Limited	£107.45																			
20 <sup>th</sup> July 2016	Seasons Florist	£29.00																			
4 <sup>th</sup> August 2016	Silks Florist	£20.00																			
1 <sup>st</sup> November 2016	Booker Limited	£97.46																			
		<u>£439.50</u>																			

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>VAT was incorrectly coded on the Barclays system for one transaction:</p> <ul style="list-style-type: none"> <li>• 12<sup>th</sup> May 2016, Screwfix, safety boots, £39.99 gross £6.67 VAT. Safety boots are 0% VAT, as per the corresponding VAT receipt.</li> </ul>	<ul style="list-style-type: none"> <li>• the amount of VAT that the supplier has charged to you.</li> </ul> <p>If a VAT receipt cannot be obtained and it is unknown as to whether the individual / company is VAT registered, it should be assumed that they are not and therefore the gross amount should be treated as outside the scope.</p> <p>Please note: it is the status of the supplier (VAT registered or not) that must be considered first before considering whether the items are VAT applicable.</p>
5.4.4  High	<p>Point 7 of the Cardholder Manual states: <i>'Reconciliation should be carried out on a regular basis as the system is available 24/7. This process should be completed and up-to-date by the deadline advised in the monthly reminder email'.</i></p> <p>It was evident when examining the Barclays report obtained from the Procurement Service prior to the review that this reconciliation process is not undertaken regularly.</p>	<p>In line with the Cardholder Manual, transactions should be regularly reconciled on the Barclays system by the required dates by the card authoriser following a review of expenditure and reconciliation to the transaction log.</p>
5.5.1  Medium	<p>There is no independent review of the school meal income process.</p>	<p>A person independent of the process of recording and banking income should regularly review the records (i.e. SIMS banking reports, Bank Paying in Books) to certify that this income has been banked.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.6.1  Low	Currently, the School does not have an inventory.	A full inventory review should be undertaken and all new equipment recorded as soon as possible. Thereafter, an annual review should be carried out to ensure that the record is accurate and up-to-date.

**AUDIT NAME: SAINTS GABRIEL & RAPHAEL PRIMARY SCHOOL**

**DATE FINAL REPORT WAS ISSUED: 26/07/2017**

**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.

Saints Gabriel & Raphael Primary School was last subject to an Internal Audit Review in June 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 were:

- To review the governance arrangements in place at the School.
- 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 meal income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that the School's budget has been approved by the Governing Body and to ensure that the budget set by the School complies with the 'Fair Funding : Scheme for Financing Schools', is in line with the funding available, individual budget heads are reasonable and that the budgetary information used for monitoring and reporting is complete, accurate and up-to-date.
- To ensure that the opportunities for unauthorised use of the School's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.
- To ensure that petty cash is held securely, expenditure properly incurred and the account is appropriately monitored and controlled.

**AUDIT OPINION**

The overall control environment at Saints Gabriel & Raphael Primary School is considered effective with opportunity for improvement.



### Safeguarding

The School has a Safeguarding Policy which is reviewed annually. All staff at the School received their DBS clearance prior to commencing in post and the Headteacher has an up-to-date record of staff DBS information. The Headteacher also retains DBS details for all supply staff who work at the School. All staff attended Level 1 Safeguarding training on 1<sup>st</sup> December 2016; however, 2 members of staff joined the School after this date and despite having an induction from the Headteacher which includes a summary in respect of Safeguarding, both members of staff are yet to attend an official training session. The School use 2 tutors; however the HMRC employment status checks have only been completed for one. Evolve is used to record off-site visits and all visits examined were appropriately recorded and approved.

### Governance

The structure and constitution of the Governing Body and Sub Committees have been established and is reviewed and approved annually during the autumn term meeting. All Governing Body minutes examined for the last 3 years were in an appropriate format and each loose leaf page signed by the Chair of Governors. The Register of Business Interests was up to date. Whilst all statutory policies and documents are in place and have been signed by the Chair of Governors, 2 statutory policies and 1 statutory document had not been reviewed annually in line with the Governors Wales requirements. In addition, it is not always minuted that policies / documents have been reviewed and ratified by the Governing Body.

### School Private Fund

An appropriate management committee has been established, including the Auditors. The Annual Certificate and Summary of Accounts were submitted to Education Finance within the required timescales. The ledger is up-to-date; however (very minor) variances were identified between the income recorded on the Record of Daily Income and the ledger (and subsequent banking) for 2 events. There are only 2 cheque signatories at present, both of which have to sign to authorise a cheque, which could result in payments being delayed if one of the cheque signatories is absent from School. Of the 16 purchases examined, a receipt could not be located for 1. All other expenditure was appropriate and in line with the School Private Fund Regulations.

### Purchase Card

There is an up-to-date transaction log in place to record all purchases. There is evidence on both the transaction log and bank statements of review; however the bank statements are not dated. Appropriate receipts (including VAT receipts) were present for each of the 32 purchases examined. The purchase card is only used by the Headteacher and School Clerk. No cash is withdrawn. No delays were identified in undertaking journals on SIMS.

School Meals

All schools meal income examined was appropriately recorded and banked.

There are processes in place to ensure that the number of meals provided each day is accurate and to pursue school meal arrears.

Appropriate authorisations had been received for the sample of free school meal pupils examined.

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

**SUMMARY OF RECOMMENDATIONS:**

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1  High	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent Schools under the Education Act 2002 (WAG circular 158/2015) states that: <i>'Governing Bodies should....ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'</i></p> <p>Level 1 safeguarding training was provided to each member of staff on 1<sup>st</sup> December 2016 and this was confirmed by an attendance register. However, 2 new members of staff started at the School after this date, and despite being given a summary of Safeguarding requirements by the Headteacher as part of their induction, they are yet to have attended an official safeguarding training session.</p>	The 2 new members of staff should attend the next available official safeguarding training session.
5.1.2  High	<p>A circular was issued to all Schools from the Temporary Director of Education and Lifelong Learning on 17<sup>th</sup> 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>Payments are being made to 2 tutors: a P.E. tutor and a supply teacher (previously employed by the School). Whilst the HMRC employment status check was undertaken for the supply teacher, and evidence retained, it had not been undertaken for the P.E. tutor.</p> <p>N.B. DBS checks had been undertaken for both and evidence retained at the School.</p>	<p>Before a School engages with an entity for the provision of services, the HMRC employment status check should be undertaken for all individuals using the HMRC Employment Status Indicator (ESI) tool.</p> <p>A HMRC employment status check should be undertaken for the P.E.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		tutor immediately, with evidence of each check retained at the School.
5.2.1 Medium	<p>The Headteacher indicated that the Governing Body previously established a delegated authority financial limit of £2,000.</p> <p>However, it was noted that this is a historic agreement which has not been reviewed for a number of years.</p>	<p>The financial limits for delegated authority should be discussed at the next Governing Body meeting (Finance or Full Governing Body) to establish whether the current financial limit of £2,000 is still appropriate / relevant, or whether they wish to amend the limit.</p> <p>Any decision made should be appropriately minuted.</p>
5.2.2 High	<p>All statutory policies and documents were present at the School. However, not all had been reviewed in line with the frequency detailed on the Governors Wales document.</p> <p>The Headteacher shares information such as agendas, minutes, reports and policies with the Governing Body by uploading the documents to Hwb+, which every Governing Body member has access to. Any queries / amendments etc., to be made are discussed with the Headteacher via email prior to the Governing Body meeting.</p> <p>The Headteacher stated that this is how policies are agreed i.e. electronically. However, the policies have not been minuted as agreed.</p>	<p>Despite the Governing Body members being able to view, comment and agree on policies / documentation via the Hwb+, it should be ensured that the Governing Body minutes list the policies and documents that have been discussed and ratified.</p>
5.3.1 Low	<p>When examining a sample of income received and banked, the following variances were identified:</p> <p><u>Xmas trip</u></p> <ul style="list-style-type: none"> <li>• £957.40 recorded on the Record of Daily Income; and</li> </ul>	<p>Care should be taken to ensure that the entries on the Record of Daily Income, the Ledger and subsequent banking slip are correct</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<ul style="list-style-type: none"> <li>• £958.20 recorded on the Ledger (and banked).</li> <li>• A variance of 80p.</li> </ul> <p><u>Football sponsorship</u></p> <ul style="list-style-type: none"> <li>• £1,527.20 recorded on the Record of Daily Income; and</li> <li>• £1,523.20 recorded on the Ledger (and banked).</li> <li>• A variance of £4.00.</li> </ul>	and correspond.
5.3.2 Low	Currently, there are only 2 cheque signatories at the School, and both signatures are required to authorise a cheque.	The School should add another cheque signatory to ensure that cheques can be authorised and issued promptly (in the absence of 'one' signatory).
5.3.3 Low	<p>Point 5.1 of the School Private Fund Regulations states: <i>'All items of expenditure must be supported by a relevant receipt / invoice as proof of payment. Where, due to exceptional circumstances, it is accepted that such documents cannot reasonably be provided; the Treasurer must record the details of the purchase on a Record of Expenditure Made Without Receipts Form, which must be signed by the member of staff who incurred the expenditure'.</i></p> <p>Examination of a sample of transactions since September 2016 (16 purchases in total) identified one instance where there was no receipt to support the expenditure and no 'Record of Expenditure Without Receipt' Form in use:</p> <ul style="list-style-type: none"> <li>• £14.40 Mr X '1st day photos', 18<sup>th</sup> October 2016, Cheque number 1494.</li> </ul>	<p>Receipts should be retained to support all expenditure from the School Private Fund.</p> <p>Where this is not possible, a 'Record of Expenditure Made Without Receipt' form should be completed and appropriately signed, an example of which can be found in the School Private Fund Regulations (Appendix 8).</p>
5.4.1 Low	Whilst there is evidence on the transaction log and bank statements of reconciliation, and the bank statements had been signed, they had not been dated.	When reconciling the transaction log and the bank statements, it should be ensured that the bank statements are signed and dated to

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		confirm when and by whom the exercise was undertaken.

**AUDIT NAME: TREORCHY PRIMARY SCHOOL**

**DATE FINAL REPORT WAS ISSUED: 21/07/2017**

**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.

Treorchy Primary School 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 years 2016/17 and 2017/18, and Governing Body meetings over a 3 year period.

The objectives of the review were:

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

**AUDIT OPINION**

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

### Governance

The structure and constitution of the Governing Body and Sub Committees have been established and is reviewed and approved annually.

Not all of the Governing Body minutes examined were signed by the Chair of Governors. In addition, it could not be confirmed as to whether 2 meetings were quorate, due to the lack of detail on the minutes regarding who was in attendance.

The register of business interests was fully completed and declarations from each member of the Governing Body retained at the School.

Whilst all statutory policies and documents are in place, 2 had not been reviewed annually as per the Governors Wales requirements and not all policies and documents were minuted as agreed by the Governing Body.

### Safeguarding

There is a Safeguarding Policy in place which is reviewed annually. A Governor has been named as responsible for safeguarding and it was evident from the minutes that Governors have attended safeguarding training.

There are 3 members of staff responsible for safeguarding, all of which have been trained to Level 3; however the certificates were not retained at the School. Level 1 safeguarding training was provided to the whole School in March 2015; however no attendance list was retained to demonstrate which members of staff were present - implementing a central training record will improve this.

Evolve has been used to record all educational visits selected for review during this audit.

### School Private Fund

An appropriate Management Committee has been established; however it should be ensured that when completing the next Annual Certificate the role of Treasurer is updated as there has been a change in staff since the account was last audited. Also, one of the Auditors should be replaced, as they are currently one of the cheque signatories.

Due to staff absences, Teachers were collecting and recording income for trips as an interim arrangement and not all income records could be located for the trips examined which took place during this period. It was therefore difficult to reconcile the income collected and banked. However, all income is now being collected and recorded centrally by the School Clerk.

The School currently maintains a manual and electronic ledger, which is an unnecessary duplication.

Receipts were located for each purchase examined during the sample period.

### Purchase Card

The School Clerk maintains an up-to-date transaction log. All purchases examined were appropriate; however whilst receipts were present for each, not all were appropriate VAT receipts.

Transactions are reconciled to the Barclays system in a timely manner.

There is a procedure in place when the card is used by other members of staff and when it is returned. No cash is withdrawn.

### School Meal Income

The school meal income examined was appropriately recorded and banked.

There are processes in place for pursuing arrears, and at present, no pupils are in arrears of over 10 meals (i.e. £24). Daily checks are in place to ensure that the correct number of meals was served. Free school meal authorisations were present for the 20 pupils examined as part of the audit sample.

Data Security

The School is registered with the Information Commissioner's Office. Systems are backed up by the Local Authority. There is an up-to-date inventory at the School; however I.T. equipment has not been marked as property of the School.

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



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Section 47 of 'The Government of Maintained Schools (Wales) Regulations 2005 states that: <i>'The Clerk...must ensure that minutes of the proceedings of a meeting of the Governing Body are drawn up and signed by the Chair...Minutes of proceedings must be entered into a book kept for the purpose by the Clerk or on loose leaf pages consecutively numbered; but in that case the person signing the minutes must initial each page.'</i></p> <p>All minutes are loose leaf pages. Testing identified that the Chair of Governors had not signed each page of the following meetings:</p> <ul style="list-style-type: none"> <li>• Full Governing Body 7<sup>th</sup> October 2015;</li> <li>• Special meeting 7<sup>th</sup> October 2015;</li> <li>• HR meeting 12<sup>th</sup> November 2015;</li> <li>• Staff Remuneration Committee 24<sup>th</sup> November 2015;</li> <li>• Finance Committee 5<sup>th</sup> February 2016;</li> <li>• Full Governing Body 10<sup>th</sup> June 2015;</li> <li>• Finance Committee 3<sup>rd</sup> June 2015;</li> <li>• HR meeting 10<sup>th</sup> June 2015;</li> <li>• HR meeting 19<sup>th</sup> June 2015;</li> <li>• Full Governing Body 26<sup>th</sup> February 2015; and</li> <li>• Full Governing Body 21<sup>st</sup> May 2014.</li> </ul>	Where minutes are loose-leaf, each page should be numbered, initialled and the last page signed and dated.
5.1.2 Medium	<p>It could not be confirmed whether the following meetings were quorate, due to a lack of detail on the minutes:</p> <ul style="list-style-type: none"> <li>• Finance Committee 3<sup>rd</sup> June 2015 - The minutes did not state the members present or apologies.</li> <li>• HR meeting 10<sup>th</sup> June 2015 - 1 person minuted as present, which was the Governor Support Officer, and no Governing Body members were minuted as present.</li> </ul>	It should be ensured that the Governing Body members present at each meeting is minuted to demonstrate that quorate levels were achieved.
5.1.3 High	At the time of the fieldwork for the review, the Headteacher did not have a formal scheme of delegated financial limits that had been approved by the Governing Body.	The Governing Body should establish the financial limits of delegated authority, which should be formally approved and accepted

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		by the Governing Body.
5.1.4 High	Whilst all statutory policies and documents were in place at the School and were signed by the Chair of Governors, it was noted that 2 had not been reviewed annually as per the Governors Wales requirements, and an additional 15 policies / documents were not minuted as approved by the full Governing Body for the last 3 years.	<p>The Headteacher should ensure that statutory policies and documents are reviewed and approved by the Governing Body in line with the Governors Wales Document.</p> <p>It should also be ensured that each policy and document approved is minuted for completeness.</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: <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>The 3 members of staff responsible for safeguarding attended Level 3 training on the 13<sup>th</sup> September 2016; however no certificates were retained at the School.</p> <p>Level 1 training was provided to the whole School in March 2015; however there was no attendance list / central training record present to confirm staff attendance.</p>	<p>The School should develop a central training record 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> <p>Certificates should be retained at the School for all staff trained to Level 3.</p>
5.3.1 Low	The role of Treasurer, as detailed on the Annual Certificate, is no longer applicable due to staffing changes at the School.	It should be ensured that the School Clerk, who is responsible for administering the School Private Fund Account, is named as the

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		Treasurer when completing the next Annual Certificate.
5.3.2 Low	Currently, the School Clerk is using a manual and electronic ledger, both of which are recording the same information.	The School should establish which method of maintaining a ledger (i.e. electronic or manual) is more suitable and continue with that sole method going forward.
5.3.3 High	<p>The income records relating to 3 trips were examined as a sample: Manor Park, Dan yr Ogof (foundation phase) and Cefn Mably Farm.</p> <p>Difficulties were experienced in reconciling these trips as the corresponding Record of Daily Income sheets did not agree with the ledger:</p> <ul style="list-style-type: none"> <li>• Manor Park - £60.00 variance.</li> <li>• Dan yr Ogof - £225.50 variance.</li> <li>• Cefn Mably Farm - £170.00 variance.</li> </ul> <p>NB. There were 2 separate trips to Dan yr Ogof at the same time; however the income received for each trip was not always differentiated on the income records, making it difficult to reconcile.</p> <p>It is also noted that at the time of collecting income for the above trips, the teachers were responsible for collecting and recording the income received on a Record of Daily Income, due to the Treasurer being absent.</p>	<p>All income should be received and recorded centrally with the School Clerk to minimise the risk of income not being recorded appropriately or records being lost.</p> <p>It should be ensured that the income recorded on the Record of Daily Income clearly states to which trip it relates to, and should correspond to the income recorded on the ledger and subsequently banked.</p>
5.3.4 Medium	<p>Point 9.1 of the School Private Fund Regulations states:</p> <p><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, (An example is included as Appendix 9) which must be reconciled to the ledger.'</i></p> <p>Testing identified that Statements of Account are not completed at the conclusion of trips.</p>	A Statement of Account should be completed at the conclusion of each trip and retained with the School Private Fund Records.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.3.5  Medium	One of the cheque signatories is also an auditor of the account.	The School should appoint another Auditor when presenting the next Annual Certificate and Audited Accounts to Education Finance, and ensure that the Auditor is completely impartial to the operation of the account.
5.4.1  Medium	<p>Whilst receipts were present to support each of the 25 transactions examined as a sample, no VAT receipts were present for the following:</p> <ul style="list-style-type: none"> <li>• 1<sup>st</sup> February 2017- Amazon £4.80 gross £0.80 VAT;</li> <li>• 1<sup>st</sup> February 2017- Amazon £9.99 gross £1.67 VAT;</li> <li>• 6<sup>th</sup> February 2017 - Amazon £1.99 gross £0.33 VAT;</li> <li>• 7<sup>th</sup> February 2017 - Amazon £9.99 gross £1.67 VAT;</li> <li>• 20<sup>th</sup> February 2017 - Amazon £13.95 gross £2.32 VAT;</li> <li>• 22<sup>nd</sup> February 2017 - Amazon £8.00 gross £1.33 VAT;</li> <li>• 27<sup>th</sup> February 2017 - Amazon £7.99 gross £1.33 VAT;</li> <li>• 2<sup>nd</sup> March 2017 - Amazon £8.90 gross £1.48 VAT;</li> <li>• 3<sup>rd</sup> March 2017 - Amazon £23.67 gross £3.94 VAT; and</li> <li>• 10<sup>th</sup> March 2017 - Amazon £21.12 gross £3.52 VAT.</li> </ul>	<p>Every effort should be made to obtain an appropriate VAT receipt to accompany all purchases where VAT is to be reclaimed. An appropriate VAT receipt should include:</p> <ul style="list-style-type: none"> <li>• details of the sale including the tax date;</li> <li>• the supplier's VAT registration number;</li> <li>• the amount paid for the goods or services; and</li> <li>• the amount of VAT that the supplier has charged to you.</li> </ul> <p>If a VAT receipt cannot be obtained and it is unknown as to whether the individual / company is VAT registered, it should be assumed that they are not, and therefore the gross amount should be treated as outside the scope.</p> <p>Please note: it is the status of the supplier (VAT registered or not) that</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		must be considered first before considering whether the items are VAT applicable.
5.5.1  Low	I.T. equipment has not been marked as property of the School.	All equipment should be marked as property of the School. This could be achieved by using an indelible pen.

