

# RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

## MUNICIPAL YEAR 2017/18

**COMMITTEE:**

**AUDIT COMMITTEE**

**16<sup>th</sup> October 2017**

<b>Item No. 6</b>
<b>Finalised Audit Assignments</b>

**REPORT OF:-**

**GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES**

Author: Marc Crumbie (Temporary Head of Internal Audit & Procurement

Development Programmes)

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**1. PURPOSE OF THE REPORT**

This report provides Members with a summary of audit assignments completed between 16<sup>th</sup> August and 3<sup>rd</sup> October 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 16<sup>th</sup> August and 3<sup>rd</sup> October 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:

- 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 note that 7 audit assignments have been finalised in the period and are set out in Table 1 below.

Table 1 – finalised audit assignments

<b><u>Audit Assignment</u></b>	<b><u>Overall Conclusion</u></b>
Hendreforgan Primary	Effective with opportunity for improvement.
Llwynceilyn Infants	Effective with opportunity for improvement.
Porth County Community School	Insufficient and requires improvement.
Ysgol Ty Coch	Effective with opportunity for improvement.
General Ledger and Accounting	Effective
Treasury Management	Effective
Payroll	Effective

#### **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**

**16<sup>th</sup> October 2017**

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

Author: Marc Crumbie (Temporary Head of Internal Audit & Procurement Development Programmes)

**Item**

**File Ref:**

6. Finalised Audit Assignments

IA / MC

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

## **EDUCATION & LIFELONG LEARNING**

**AUDIT NAME: HENDREFORGAN PRIMARY**

**DATE FINAL REPORT WAS ISSUED: 19/09/2017**

### **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.

Hendreforgan 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 chequebook primary schools comprises of 155 standards that need to be reviewed. Audit testing was carried out on a sample of standards, using transactions processed during financial year 2017/18.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 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 computer 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.
- To review the governance arrangements in place at the School.

## **AUDIT OPINION**

Overall, the control environment in respect of the School's financial and governance arrangements is considered to be effective with opportunity for improvement.

### **Safeguarding & Educational Visits**

The School has a Child Protection Policy in place. It was reviewed in January 2017 and presented to the Governing Body in May 2017. It will be reviewed during the same period annually. The Staff Disciplinary Policy however has not been reviewed since 2013 (as far as the Headteacher was aware) having only been in post since September 2016.

Training undertaken in respect of safeguarding has been completed; however Level 1 training was last undertaken by all staff in 2012 (under the previous Headteacher). Currently only the Headteacher and Deputy Head have Level 3 safeguarding training, hence, this report recommends that a third member of staff be trained to Level 3. A detailed record of staff training is maintained showing details of the training provided, renewal dates etc. A record of DBS checks was in place and is up to date. The School use the Evolve system to document and authorise all planned trips that were audited.

It was identified that the School pay for a music tutor via a cheque from the budget account. At the time of the audit the HMRC check had not been carried out to determine the employment status of this individual. The School completed this during the audit review in conjunction with the Council's Payroll Section. This confirmed that the individual should have been set up and paid via the payroll system.

### **Governance**

The Headteacher provided a schedule / list of policies and documents that had been reviewed since he has been in post and those that will be reviewed, indicating that a review process is now in place. Many of the policies and documents viewed had been signed and dated 18.10.2016 (date of Governing Body meeting for autumn term 2016) but for older policies it was unclear whether they have been reviewed and presented to the Governing Body (this was not noted in the meeting minutes). There were signed copies of all meeting minutes reviewed at the School.

A Register of Business Interests is in place and all current governors have completed the necessary declarations which were all present. The School currently has 2 Governing Body vacancies for which they should continue to endeavour to fill.

The Governing Body have not formally delegated financial limitations on expenditure, virements etc. to the Headteacher and/or other responsible members of staff.

### **School Private Fund**

The Treasurer maintains detailed records, and all income and expenditure transactions had an adequate audit trail. It was however noted that the date income was received is not recorded. The School buy and provide fruit for pupils; however income received is not banked but used to facilitate a cash float which is used to pay the provider. In accordance with the School Private Fund Regulations all income received should be banked intact and payments made by cheque.

All expenditure within the sample was solely for the benefit of the pupils and was supported with receipts / vouchers. However, it was noted that where receipts are not obtained details are recorded on a compliment slip rather than a Record of Expenditure Without a Receipt pro-forma.

### **Purchase Card**

There was a sufficient audit trail in respect of Purchase Card transactions. Records were on the whole kept up to date and were evidently reconciled upon receipt of the bank statements.

Implementation of the recommendations contained within this report will enhance the control environment further.		
<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1  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 and more recently on the 8<sup>th</sup> May 2017 regarding employment status.</p> <p>Examination of the records at the School revealed that payments are currently being made by cheque to a Music Tutor, totalling approximately £1,800.00 per term. The last payment made was on the 9<sup>th</sup> May 2017.</p> <p>Discussions at the School identified that they had not completed the HMRC questionnaire in respect of this music tutor. A Self-Assessment Tax Return had been provided to the School by the Tutor and this was assumed to be adequate.</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 on-line tool).</p>
5.1.2  High	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent Schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'</i>.</p> <p>Level 1 training was last undertaken in 2012 (prior the current Headteacher's appointment). The Headteacher stated that they always have a refresher session each year (during an inset day) and that he thought that this was sufficient. This was not supported by an attendance register.</p> <p>The Headteacher also reported that he and the Deputy Head are the only members of staff to have Level 3 training.</p>	<p>The Headteacher should ensure that safeguarding training (both internal and external) and other related training is provided as and when required for all members of staff, certificates retained and attendees recorded on an attendance register.</p> <p>The Headteacher should make arrangements for an additional staff member to undertake Level 3 safeguarding training.</p> <p>Furthermore, the School should develop a central training record to</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
		<p>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.</p>
<p>5.2.1</p> <p>High</p>	<p>The School use the 'Staff Disciplinary for School Based Staff' Policy; however it has not been reviewed since 2013.</p> <p>In addition to the above, it was occasionally difficult to establish when Policies were reviewed, when they are due to be reviewed and when they had been presented to the Governing Body for ratification.</p> <p>It is acknowledged that the Headteacher has only been in post since September 2016.</p>	<p>The Headteacher and Governing Body should implement a schedule whereby Policies are reviewed and ratified in a timely manner.</p> <p>Any policies that are updated / amended need to be presented to the Governing Body and formally documented in meeting minutes. Details should be captured on the document covers i.e. date reviewed, date to be reviewed, signed and dated.</p>
<p>5.2.2</p> <p>Low</p>	<p>The membership of governing bodies is set out in chapter 3 of Governors Guide to the Law 2009 (Governing Body Constitution) which specifies that the composition of the Governing Body for the School should consist between a total of either 13 or 17 Governors, with the School adopting a constitution of 13 members.</p>	<p>The School should endeavour to fill the governor vacancies as soon as possible.</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
	Examination of the Governing Body structure revealed that there are currently 11 governors in post.	
5.2.3 High	The Governing Body has not formally delegated any financial limits to the Headteacher.	The Governing Body should establish the financial limits of delegated authority to the Headteacher which should be formally approved by the Governing Body.
5.3.1 Medium	The School Private Fund Treasurer currently records all income received onto individual class lists but no central record is maintained summarising daily totals. It was also noted that on the class lists the date income was actually received is not recorded hence there is no formal record available of when income was received or the total cash present at the School.	A Record of Daily Income pro-forma should be introduced to summarise all income received. The Treasurer should always record the dates income was received. This will ensure that on any given day there is a record showing the income received which can be totalled and verified to the banking.
5.3.2 Low	All income received in respect of the School's Private Fund should be banked in tact.  Fruit is purchased for pupils via the School Private Fund using contributions from parents. The Treasurer reported that income (contributions) received is retained to facilitate a cash float and used to pay the provider for the goods purchased (i.e. fruit).	The School should bank the fruit income along with any other private fund income and consider paying the provider via a cheque negating the need to retain the cash at the School.
5.3.3 Low	The School Private Fund Ledger is usually completed when income is banked. This is collected every two weeks via the Loomis Secure Collection service. The ledger is therefore not an up to date record of income transactions.	The Ledger should be updated as and when income is received, rather than when income is banked.

**AUDIT NAME: LLWYNCELYN INFANTS**

**DATE FINAL REPORT WAS ISSUED: 25/09/2017**

**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.

Llwyncelyn Infants 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 105 standards. Audit testing was carried out on a sample of standards, using transactions processed during financial year 2017/18.

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 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 computer hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.
- To review the Governance arrangements in place at the School.

**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 which was last reviewed in December 2016 and is scheduled for review during the same period in 2017.

Training undertaken in respect of safeguarding was evident with certificates present and a record of training (and when this was undertaken) maintained by the Headteacher. A record of DBS checks was in place, although two recent members of staff were not on the School's list. This was corrected at the time of the review. The School use the Evolve system to document and authorise planned trips.

#### **Governance**

There is a process in place of reviewing policies; however this was not always evident on the documents i.e. date reviewed, signed off etc. Lists of policies reviewed during various terms over the last few years (up to the summer term 2016) were present although it was sometimes unclear whether policies have been presented to the Governing Body (this was not always noted in the meeting minutes). At the time of the review the School did not have a Staff Disciplinary Policy. Signed copies of meeting minutes were present at the School.

A Register of Business Interests is in place and all current Governors have completed declarations which were present. The School currently has one Governing Body vacancy for which they should continue to endeavour to fill.

The Governing Body have not formally delegated financial limitations on expenditure, virements etc. to Headteacher and / or other designated members of staff.

#### **School Private Fund**

Records in respect of the School Private Fund indicate the account is administered well. 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. All expenditure within the sample was solely for the benefit of the pupils and was supported with receipts / vouchers.

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

Dinner money is updated to SIMS daily and subsequently banked promptly. It was confirmed that the School are submitting the School Meals Arrears report as required, with no pupils exceeding the 2 week limit at the time of the review. The School are following the recovery protocol by sending out reminders to parents as and when necessary and are fully aware of the referral process.

#### **Purchase Card**

There is 1 Purchase Card in operation at the School. Records are on the whole kept up to date; however some recent purchases had not been updated to the transaction log. Also, the entries in the transaction log were not in date order indicating the entries are made retrospectively rather than as and when transactions occur. It is recommended that the transaction log is updated as and when transactions occur and the log (electronic) is split into the relevant monthly periods to coincide with the monthly billing period. A copy of each monthly log should be printed and used in the reconciliation process and signed and dated as evidence of this process. A signing in and out log is maintained when the card is allocated to members of staff.

#### **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.

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

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1 High	<p>At the time of the fieldwork for this review the School did not have a 'Staff Disciplinary for School Based Staff' Policy in place.</p> <p>In addition to the above, it was occasionally difficult to establish when Policies were reviewed, when they are due to be reviewed and when they had been presented to the Governing Body for ratification.</p>	<p>The Headteacher and Governing Body should implement a schedule whereby policies are reviewed and ratified in a timely manner.</p> <p>Any policies that are updated / amended need to be presented to the Governing Body and formally documented in meeting minutes. Details should be captured on the document covers i.e. date reviewed, date to be reviewed, signed and dated.</p>
5.1.2 Low	<p>The membership of governing bodies is set out in chapter 3 of Governors Guide to the Law 2009 (Governing Body Constitution) which specifies that the composition of the Governing Body for the School should consist between a total of either 13 or 17 Governors, with the School adopting a constitution of 13 members.</p> <p>The School currently has 12 governors and there is a Community Governor vacancy.</p>	<p>The School should continue to endeavour to fill the vacancy.</p>
5.1.3 High	<p>The Governing Body has not formally delegated any financial limits to the Headteacher.</p>	<p>The Governing Body should establish the financial limits of delegated authority to the Headteacher, which should be formally approved by the Governing Body.</p>
5.2.1	<p>Review of the electronic transaction log in place revealed that the dates of the transactions were often not in order indicating that the log is not updated as and when transactions occur.</p>	<p>Details of all purchase card transactions should be recorded on</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
Medium	<p>At the time of the visit there were 5 recent transactions on the Barclaycard system which had not been updated to the transaction log.</p> <p>In addition to the above, there was no evidence of the reconciliation process available on the electronic transaction log.</p>	<p>the transaction log as and when they occur. This should then be used as part of the monthly reconciliation process whereby the transaction log should be printed out for each billing period and reconciled to the Barclaycard system i.e. transactions ticked and signed and dated.</p>

**AUDIT NAME: PORTH COUNTY COMMUNITY SCHOOL**

**DATE FINAL REPORT WAS ISSUED: 24/08/2017**

**INTRODUCTION**

Porth County Community School is a mixed 11-18 School. There are 802 pupils on roll, of which 61 are in the 6<sup>th</sup> form. The School serves the town of Porth and the nearby villages of the lower Rhondda Valleys.

Porth County Community School was last subject to a routine audit visit in March 2014.

**SCOPE & OBJECTIVES**

All financial systems in operation at the School were considered and an assessment carried out in consultation with the Acting 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 risk assessment, audit work was carried out on the following areas of administration: -

- Governance;
- Safeguarding;
- School Private Fund;
- Purchasing;
- Purchase Card; and
- Assets.

**AUDIT OPINION**

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

**Safeguarding**

A record is held at the School of staff who have been DBS checked; however this is not updated as and when staff commence/cease employment at the School. Additionally, no details are obtained to ensure supply or student teachers have been DBS checked; an assumption is made by the Acting Headteacher that the agencies or colleges have done this.

It was found that there are staff at the School who had not attended the Level 1 Safeguarding training in September 2016, resulting in there being staff working at the School that have not received up to date training.

At the time of the fieldwork for this review the School did not have a Policy review protocol which has resulted in a number of policies not having been reviewed and ratified by the Governing Body, as required.

**Governance**

The roles and responsibilities of the Governing Body and its Sub-Committees have not been set out in writing. The Governing Body currently has 7 vacancies.

Additionally it was found that the Governing Body minutes had only recently been signed and dated by the Chair of Governors. The signing and dating of attendees at Committee meetings is not always undertaken. No evidence could be provided in respect of the Governing Body approving delegated financial spending limits for staff at the School.

#### **School Private Fund**

It was found that the School Private Fund did not have an appointed Chairperson. The Acting Headteacher, who should be appointed into this role, is currently named as a Fund Auditor. Given the issues identified in respect of the School Private Fund, the Acting Headteacher should familiarise himself with the procedures required.

Audit testing highlighted that there are items of expenditure that are not in line with School Private Fund Regulations. In addition, cash withdrawals are being made from the account to cover pupil travel expenses, it was identified that staff are not routinely providing receipts and the Annual Statement of Account was submitted late to Education Finance.

It was also established that the Fund Treasurer manually undertakes bankings, with these often being made up of large sums. The School should reconsider this process and utilise the Loomis Cash Collection service, which already occurs at the School to collect school meal income.

In respect of school trips, records vary in detail depending on the trip organiser. Additionally, when income is passed to the Fund Treasurer, the person handing over the income does not countersign the Record of Daily Income to confirm the amounts. Trip organisers should be reminded of the need to collate a Statement of Account at the conclusion of each trip and to pass all records to the Treasurer to retain as per the School Private Fund Regulations.

The School also need to implement a protocol in the event a trip makes a surplus.

#### **Purchasing**

The School has a Financial Procedures document; however it is not up to date. The School currently raise orders either over the telephone or online. These orders are not raised on SIMS until after receipt of the goods/invoice. Additionally, there is a lack of evidence (i.e. no ticks, signatures) to support that invoices/delivery notes are checked to orders raised.

There are a large number of non-order invoices raised at the School in addition to high levels of purchase orders raised on SIMS. Consideration needs to be given to reviewing the current practices in place and utilising the purchase cards more to pay for goods/services required. This would reduce the amount of administration required in making purchases, allowing more opportunity to undertake other administrative duties.

Examinations of purchases made showed a number of payments for staff at the School. On inspection of the subsequent invoices/receipts, it showed that many of these were made for such items as Greggs Gift Cards, chocolates, snacks, sweets, biscuits, cakes, tea etc. In addition, items such as Dominos pizzas and Cinema visits were made via the purchase cards as rewards to pupils. This type of spending could be deemed inappropriate from the School budget and difficult to justify.

A payment was made to an individual on 2<sup>nd</sup> December 2016 in respect of music tuition for the period 5<sup>th</sup> September 2016 to 12<sup>th</sup> December 2016. However, this person became a teacher at the School with effect from 9<sup>th</sup> November 2016. No explanation as to why the tutor had continued to be paid this way after they had become a member of staff could be provided. Additionally, the School did not complete a questionnaire on the HMRC Website to determine employment status.

#### **Purchase Card**

There are two purchase cards in use at the School and there is no transaction log in place for one of the cards. Additionally, VAT receipts/invoices were not

always present for transactions examined for both cards.

It was also found that there are delays in updating the cashbook journals on SIMS following receipt of bank statements. These delays are occasionally up to 3 months. Additionally, bank statements show little evidence of reconciliation, with statements not always ticked, signed and dated to confirm this process has taken place.

**Assets**

Whilst a recent inventory check was undertaken by the School, items listed on the inventory did not reconcile to what was actually found in each room. Whilst it is accepted that the School are currently undertaking large scale works, the previous inventory review was completed approximately 3 years previously. Additionally, the inventory has not been compiled using SIMS as required. The School should seek to collate this information to ensure that a whole School record of assets held is available.

Implementing the recommendations contained in the report will enhance the current levels of control. Thereafter the Acting Headteacher needs to ensure that there is a regular review of the financial administration of the School, with evidence of this being available.

**SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1  High	<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 Vision support.</p> <p>It was established that the School had recently obtained the same list from Vision Support and would do this on an annual basis. As a result, the list is not a working document and is only accurate as at the time it is produced i.e. once a year.</p> <p>Discussions with the Acting Headteacher and examination of the records also established that DBS details are not requested or maintained by the School for supply teachers, student teachers or volunteers.</p>	<p>The Acting Headteacher should ensure that the School maintains an up to date list / record of all staff that work at the School both permanently and temporary i.e. supply teachers, student teachers, volunteers etc. This should detail their names, DBS reference number and the date of check.</p>
5.1.2  High	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent Schools under the Education Act 2002 (WAG circular 158/2015) states that: <i>'Governing Bodies should ensure that 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 Acting Headteacher should ensure Level 1 Safeguarding training is arranged and attended by all staff that were not present on 5<sup>th</sup> September 2016 as soon as possible.</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
	Although it was established that Level 1 Safeguarding training was provided to staff on 5 <sup>th</sup> September 2016, it was noted that 15 members of staff (which includes casual exam invigilators) did not receive the training.	
5.2.1  High	<p>There is no School Policy Review process in place.</p> <p>Examinations of both statutory and non-statutory policies established the following issues:</p> <ul style="list-style-type: none"> <li>• 1 statutory policy was not in place;</li> <li>• 3 non-statutory (but recommended) policies were not in place;</li> <li>• 8 policies were not dated to confirm when they were last reviewed;</li> <li>• 16 policies have not been ratified and minuted by the Governing Body; and</li> <li>• 5 policies were dated later (e.g. May 2016) than the dates they were last ratified by the Governing Body (e.g. May 2014).</li> </ul>	<p>The Acting Headteacher and Governing Body should implement a schedule whereby policies are reviewed and ratified in a timely manner.</p> <p>Any policies that are updated / amended need to be presented to the Governing Body and formally documented in meeting minutes. Details should be captured on the document covers i.e. date reviewed, date to be reviewed, signed and dated.</p>
5.2.2  High	The Director of Finance & Systems (who is also Clerk to the Governors) confirmed that the School does not hold a Committee Structure and Terms of Reference document which sets out each Committee, its membership and its roles and responsibilities.	An agreed Committee Structure and Terms of Reference document should be devised and distributed to Governors.
5.2.3  Low	Examination of the Governing Body structure revealed that there are currently 7 vacancies, these being 3 Parent Governors, 3 LEA Governors and 1 co-opted Governor.	The School should endeavour to fill the governor vacancies as soon as possible.
5.2.4	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</i>	The School is reminded to ensure that all Governing Body and

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
Medium	<p><i>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>Examination of the Governing Body minutes for the last 2 academic years identified that they had only recently (8/3/17) been signed and dated by the Chair of Governors.</p> <p>Additionally, Sub-Committee meeting minutes are not being routinely signed or dated by the Chair of Governors (or nominated person in the absence of the appointed Chair).</p>	<p>Committee minutes are signed and dated by the Chair of Governors (or nominated person in the absence of the appointed Chair) in a timely manner and kept at the School for reference.</p>
5.2.5 High	<p>It was not evident from the Governing Body minutes whether any delegated limits for purchases and/or budget virements have been agreed.</p> <p>This was also reported in the previous audit review.</p>	<p>The Governing Body should confirm a scheme of delegation, to formally record the Acting Headteacher's financial limits for expenditure and budget virements (together with any other members of staff who can commit the School to expenditure). The agreed limits should be minuted.</p>
5.2.6 Medium	<p>Examinations established that whilst attendance registers are maintained for Governing Body and Sub-Committee meetings, names are only being ticked off the registers to confirm attendance. The signatures of Governors in attendance are not obtained.</p>	<p>It should be ensured that Governors sign the attendance registers for all Governing Body and Committee meetings.</p>
5.3.1 High	<p>The Director of Finance &amp; Systems confirmed that the Acting Headteacher has not been formally appointed as the Chairperson for the School Private Fund.</p> <p>Additionally, there are only 2 cheque signatories (Director of Finance &amp; Systems and the Finance Officer) for the account as the previous Headteacher has not been removed from the panel of signatories.</p>	<p>The Acting Headteacher should be appointed as Chairperson for the School Private Fund, with an alternative person appointed as an auditor of the account. The Acting Headteacher should also familiarise</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
	<p>(It was noted that when discussing the School Private Fund in the closure meeting at the end of the audit visit the Acting Headteacher was unaware of the purpose of the School Private Fund although he was listed as an Auditor for the account in the previous year and should therefore be fully aware of the account operation).</p>	<p>himself with the School Private Fund Regulations.</p> <p>The School should seek to amend the panel of signatories for the School Private Fund, ensuring the three signatories are current members of staff.</p> <p>A copy of the new cheque signatory mandate should then be retained at the School and a copy of the School Private Fund Regulations provided to all relevant staff.</p>
<p>5.3.2 High</p>	<p>Examination of the School Private Fund expenditure for the current academic year identified instances of expenditure that were not in line with the School Private Fund Regulations. These were:</p> <ul style="list-style-type: none"> <li>• Purchase Number 102122 - £114 - Purchase of alcoholic gifts for staff;</li> <li>• Purchase Number 102114 - £66 - Purchase of revision guides; and</li> <li>• Purchase Number 102148 - £100 - Food for pupils following a rugby game.</li> </ul> <p>In respect of the France skiing and Amsterdam trips examined, neither trip organiser had provided the Fund Treasurer with a breakdown or receipts for the cash floats they had taken on the trips, hence the appropriateness of this expenditure could not be examined.</p> <p>Also, for the France ski trip (which took place on 4th-12th February 2017), a £500 damages bond was paid to the tour company used. However, at the time review, the £500 had yet to be reimbursed from the tour company.</p>	<p>The items listed fall outside the scope of the fund.</p> <p>Alcoholic beverages should not be purchased by the School.</p> <p>The trip organisers should provide the Fund Treasurer with a breakdown and receipts for all trip expenditure, including any cash floats.</p> <p>The tour company used for the skiing trip should be chased up to</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
		obtain the refund for the £500 bond paid.
5.3.3 High	<p>An excessive number of receipts had not been obtained or passed to the Fund Treasurer to support expenditure incurred.</p> <p>Whilst it is accepted that 'Expenditure Without Receipt' forms are completed for missing receipts, the number of missing original receipts appeared to be excessive, indicating the form is being used as a replacement for a receipt rather than an exception.</p>	The Acting Headteacher needs to remind staff that every effort must be made to ensure original receipts are provided for any items of expenditure.
5.3.4 Medium	<p>School Private Fund cheques had been cashed to make payments for expenditure that should have been incurred via the School Budget Account. For example:</p> <ul style="list-style-type: none"> <li>• Chq No 102099 - £300 - Partnership reimbursements;</li> <li>• Chq No 102106 - £300 - Partnership reimbursements;</li> <li>• Chq No 102117 - £300 - Partnership reimbursements;</li> <li>• Chq No 102125 - £700 - £300 Partnership reimbursements &amp; £400 Ski Trip float; and</li> <li>• Chq No 102148 - £100 - Food for rugby team.</li> </ul> <p>In relation to the cash reimbursements for Partnerships, the Director of Finance &amp; Systems confirmed these were reimbursements to pupils for travelling expenses for their courses at other locations. The Director of Finance &amp; Systems stated that this was the only way they could obtain a cash float and was not aware cash could be obtained via the purchase card.</p>	<p>The cashing of cheques using the School Private Fund to reimburse travelling expenses should cease immediately.</p> <p>To obtain petty cash going forward, a petty cash float can be set-up using the Purchase Card, with all receipts retained and a record of expenditure and cash in hand balances maintained in an appropriate format.</p>
5.3.5 Medium	<p>The deadline for the submission of the School Private Fund Annual Statement to Education Finance was the 31<sup>st</sup> December 2016.</p> <p>The Annual Statement for the year ending 31<sup>st</sup> August 2016 was not returned until 24<sup>th</sup> January 2017.</p> <p>Additionally, the Annual Statement was not presented to the Governing Body until the 1<sup>st</sup> February 2017</p>	Care should be taken to ensure that the School Private Fund Annual Statement is submitted to Education Finance within the timescales required.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	i.e. after it had been submitted to Education Finance.	It should be ensured that the Governing Body have formally ratified the Annual Statement prior to submission.
5.3.6 Medium	<p>Section 4.4 of the School Private Fund Regulations states that: <i>'Wherever money changes hands, both the person handing it over and the person receiving it must sign the Record of Daily Income, particularly where money has been collected outside the office'</i></p> <p>All Fund income is passed to the Treasurer who records the details on a record of daily income and signs to confirm receipt. However the member of staff handing over the income does not certify the record.</p>	The transfer of income should be supported by signatures on the record of daily income form by both parties.
5.3.7 Medium	<p>It was identified that deposits are made by the Finance Officer, with bankings varying in frequency and quite often with large sums of money to be deposited. It was also noted that the School Private Fund bank account is not currently with Barclays Bank.</p> <p>Discussions also confirmed that Loomis currently collect school dinner money income twice a week.</p>	<p>The Acting Headteacher should consider moving the School Private Fund bank account to a Barclays account under the RCT group of accounts, allowing the School to use the secure cash collection service from Loomis at no additional cost.</p> <p>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>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
		If it is decided that the bank account will be changed, contact should be made with the Council's Bank Reconciliation Team based at Bronwydd to discuss this option further.
5.3.8 Low	<p>Although it is acceptable to have the Private Fund ledger in electronic format there are certain requirements that must be considered. One of these is to print out copies of the ledger when the account is reconciled on a monthly basis.</p> <p>Internal Audit testing confirmed that no monthly ledger print from the electronic ledger is produced and retained as a way of evidencing a monthly reconciliation.</p>	The Fund Treasurer should print off the fund ledger on a monthly basis to ensure evidence is available of a monthly reconciliation to the Private Fund bank statements.
5.3.9 Medium	<p>Trip records were requested for the France ski trip. Whilst the trip organiser provided a summary record that included pupil names, the month income was received and final balances, a 'working' document that would have been completed throughout the process which should have contained exact dates and amounts received was not provided.</p> <p>These records were different to those provided for the Amsterdam trip, which were thorough and organised, with all booking information and financial records retained in a binder and clear to examine.</p>	<p>The Acting Headteacher should ensure consistent practices are in place in relation to school trips and all documentation retained and readily available.</p> <p>Consideration should be given to introducing a Trip Information Pack which would include standard documentation upon which details of income received / expenditure incurred can be recorded. Care should be taken to ensure that the</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
		<p>pack is provided to all staff at the planning stage of each trip with guidelines for them to strictly adhere to.</p> <p>These records should be passed to the Treasurer at the conclusion of the event and retained with the fund documentation for a period of six years.</p>
<p>5.3.10</p> <p>High</p>	<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>There was no statement of accounts for the sampled ski trip and Amsterdam trip.</p>	<p>Upon completion of a trip, a statement of account and all supporting records should be passed to the Fund Treasurer to be retained as per the School Private Fund regulations.</p> <p>An example of the format required is included at Appendix 9 in the School Private Fund Regulations.</p>
<p>5.3.11</p> <p>Medium</p>	<p>Section 9.2B of the School Private Fund Regulations states that: <i>'Trips must not be run as profit making ventures. However, where a trip has been operated and makes a profit, the balance must either:-</i> <i>i) be divided equally and paid back to each paying pupil</i> <i>ii) be retained by the Private Fund, providing that consent of the parents has been given'.</i></p> <p>Examination of the France ski trip records identified a surplus balance of £371. This money was not dealt</p>	<p>The records for all trips should be subject to review to ensure that all income and expenditure has been properly accounted for. If surpluses are confirmed, then action should be taken as per the regulations outlined and a refund to each paying pupil should be made as</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
	<p>with in accordance with the requirements noted above (i.e. at the time of the audit it was held in the private fund account).</p> <p>Further discussions with the Acting Headteacher and the Director of Finance &amp; Systems established that there may be other trips with surplus funds.</p>	soon as possible.
5.4.1 High	<p>The School's Purchasing Policy is included within their Financial Procedures document.</p> <p>A review of these documents found that they include staff that are no longer employed at the School.</p>	<p>The Acting Headteacher should ensure that the School's Purchasing Policy and Financial Procedures documents are updated to reflect the roles and responsibilities of the current staff at the School.</p> <p>Once updated, these should be reviewed and ratified by the Governing Body.</p>
5.4.2 High	<p>The following issues were noted in respect of the School's purchasing arrangements:</p> <ul style="list-style-type: none"> <li>• Orders were not always raised on SIMS prior to receipt of the subsequent goods/invoices even though a prior request would have been made, and were therefore treated as non-order invoices.</li> <li>• Occasions were identified whereby Delivery Notes showed no evidence of being checked to the order placed and also not signed as confirmation of who undertook this.</li> <li>• Invoices were not being signed by an authorised budget holder prior to payment.</li> <li>• There were a large number of non-order invoices being processed via SIMS, whereby a prior request for purchase would not have been required. However, many of these could have been paid for using the Purchase Card</li> </ul>	<p>To avoid additional work, invoices for non-orders (e.g. utilities) should be paid via the purchase card where possible.</p> <p>If the School is unable to use the purchase card and a prior request is known for goods / services, an order should be raised on SIMS in the first instance. If an order was</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
		<p>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 order to ensure that the goods received agree to what was originally ordered. The order and delivery note should demonstrate evidence of this check (e.g. items ticked) and the delivery note should be signed and dated by the person undertaking this check.</p> <p>Each invoice should be authorised by an appropriate member of staff (in accordance with delegated financial arrangements).</p>
<p>5.4.3</p> <p>Medium</p>	<p>A copy of the bank mandate to confirm the signatories for the budget was not available.</p> <p>The Director of Finance &amp; Systems stated that herself, the Deputy Headteacher and an Assistant Headteacher are the signatories for the School budget. However, the current Acting Headteacher, who holds overall responsibility for the School budget, is not a current signatory.</p>	<p>The Acting Headteacher should be added to the panel of cheque signatories and this should match the delegated limits of spend.</p> <p>A copy of the updated bank mandate should then be retained by the School.</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.4.4  Low	For a sample of orders examined cheque authorisation slips were present for each confirming the cheques issued.  However, none had been signed by an appropriate member of staff, with them only initialled along with the date processed.	Each cheque authorisation slip should be signed and dated by at least one of the cheque signatories.
5.4.5  Medium	Discussions with the Director of Finance & Systems revealed that the School have leases.  However, details of these leases were not provided during the review and the lease information (as requested by Education Finance annually) has not been submitted.	The School should compile the list of leases that they have in place and these should be provided to Education Finance,
5.4.7  Medium	Examination of the SIMS Bank History Report for 2016/17 identified payments made to staff that are deemed as either inappropriate or questionable. These purchases were:  <ul style="list-style-type: none"> <li>• 15/4/16 - Mrs A - Greggs Gift Cards, chocolates, tea items etc - £23</li> <li>• 27/5/16 - Mr B - Referee reimbursement - £20</li> <li>• 15/7/16 &amp; 15/12/16 - PE teachers taking pupils to crossfit - £60 &amp; £200</li> <li>• 15/7/16 - Mrs C - Chocolates, tea items etc - £98.50</li> <li>• 15/7/16 - Mrs D – Food - £205</li> <li>• 20/7/16 - Mrs E - Snacks, chocolates, sweets etc - £46.14</li> <li>• 13/10/16 - Mr F - Caretaker paid to hire a van himself and was reimbursed retrospectively - £66.03</li> <li>• 13/10/16 - Mrs G - Biscuits, snacks, dishwasher tablets – £19.31</li> <li>• 15/12/16 - Mrs H - Cakes, milk, bread etc - £113.87</li> <li>• 13/2/17 - Mr I - Sweets, milk - £8.55</li> </ul> Other payments were also identified including Dominos and cinema visits that could also be deemed inappropriate. However, the Acting Headteacher stated these are a way of rewards for pupils and feels they are appropriate.	Purchases such as those identified should, in future, be avoided.  All potential expenditure should be subject to challenge by the Acting Headteacher to ensure that the School can demonstrate value for money and that funds have been utilised in a prudent manner (set within the context of the School currently being in a deficit budget position).

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.4.8  High	<p>A payment of £1,440 was paid to an individual on the 2<sup>nd</sup> December 2016 for the provision of music lessons between 5<sup>th</sup> September 2016 to 12<sup>th</sup> December 2016.</p> <p>It was noted that this person became a teacher at the School with effect from 9<sup>th</sup> November 2016 and discussions with the Director of Finance &amp; Systems established that the individual was providing lessons 1 day a week during that period. However, no explanation could be provided as to why she had continued to be paid this way further to becoming a member of staff.</p> <p>Additionally, 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>The Director of Finance &amp; Systems could not confirm if the relevant HMRC employment checks had been undertaken.</p>	<p>The School should investigate whether the individual owes the School money due to becoming employed at the School prior to the last music lessons being provided.</p> <p>Before the School engages with an entity for the provision of services in the future, the HMRC employment status check should be undertaken for all individuals.</p>
5.5.1  Medium	<p>There are 2 purchase cards at the School.</p> <p><u>Purchase Card 1</u> Transactions for this card relate mainly to fuel. Transactions were not being recorded on a transaction log and therefore no reconciliation to the bank statements in respect of the card was possible and/or evident. Instead, the card holder provides the Finance Clerk with a receipt (also refer to 5.5.3) after making the transaction, which the Finance Clerk retains until the bank statements arrive to reconcile.</p> <p><u>Purchase Card 2</u> All transactions were on the transaction log apart from 1. This being: - • 9/2/2017 - Amazon - £100.00</p>	<p>Details of all purchase card transactions should be recorded on the transaction log as and when they occur, and cross referenced to their respective invoice/receipt.</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.5.2 Medium	<p>Examination of a sample of purchase card transactions identified the following which are deemed inappropriate:</p> <ul style="list-style-type: none"> <li>• 30/6/2016 £20.00. Bouquet relating to a bereavement;</li> <li>• 19/7/2016 £20.00. Bouquet for the former (retiring) Headteacher from Governors; and</li> <li>• 3/2/2017 £20.00. Bouquet for the retiring Head of a local primary school.</li> </ul>	<p>Purchases such as those identified should, in future, be avoided.</p> <p>All potential expenditure should be subject to challenge by the Acting Headteacher to ensure that the School can demonstrate value for money and that funds have been utilised in a prudent manner (set within the context of the School currently being in a deficit budget position).</p> <p>Purchases such as flowers for gifts would be more suitably financed by a staff collection.</p>
5.5.3 High	<p>For a sample of transactions relating to purchase card 1, several occasions were noted where receipts had not been retained:</p> <ul style="list-style-type: none"> <li>• 13/4/2016 - B&amp;Q - £9.99;</li> <li>• 13/4/2016 - B&amp;Q - £48.14;</li> <li>• 26/8/2016 - Shell Tonypandy - £48.01;</li> <li>• 15/9/2016 - Shell Tonypandy - £41.01;</li> <li>• 30/11/2016 - Shell Tonypandy - £92.31; and</li> <li>• 6/1/2017 - Shell Tonypandy - £71.47.</li> </ul> <p>Additionally, for a sample of transactions relating to purchase card 2, a sample of purchases were examined and whilst there were receipts present for all, there were no appropriate VAT receipts to support 6 purchases where VAT was applicable. These were: -</p> <ul style="list-style-type: none"> <li>• 12/1/2017 - www.ljtdirect.com - £46.87 (gross) £7.82 VAT £39.05 Net.</li> </ul>	<p>It should be ensured that VAT receipts/invoices are retained for all purchases. Where a receipt is not obtained, an 'expenditure without receipt' form should be completed.</p> <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>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<ul style="list-style-type: none"> <li>• 13/1/2017 - Inkfactory.com - £21.95 (gross) £3.66 vat £18.29 Net.</li> <li>• 27/1/2017 – Viking-direct.co.uk - £111.34 (gross) £18.56 vat £92.78 Net</li> <li>• 3/2/2017 - Gifts of nature - £20.00 gross £3.34 vat £16.66 Net.</li> <li>• 6/2/2017 - Amazon marketplace - £9.40 gross £1.57 vat £7.83 Net.</li> </ul>	
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 10<sup>th</sup>. In order for SIMS to replicate the School Bank Statement, a Cash Book journal should be undertaken on receipt of the Purchase Card Bank Statement.</p> <p>Examinations established that there were delays in the updating of SIMS Cashbook Journals with purchase card transactions.</p>	It should be ensured that cashbook journals are promptly undertaken on SIMS once the transaction log has been reconciled to the Purchase Card bank statements.
5.5.5 High	<p>Bank statements for both purchase cards are received monthly. Examination of the bank statements identified:</p> <p><u>Purchase Card 1</u></p> <ul style="list-style-type: none"> <li>• All bank statements demonstrate evidence of being reconciled i.e. transactions ticked and notes made next to the transactions detailing what department they relate to.</li> <li>• All bank statements have been signed as reconciled by the School Clerk; however the statements between April – December 2016 were not dated.</li> </ul> <p><u>Purchase Card 2</u></p> <ul style="list-style-type: none"> <li>• None of the bank statements examined since April 2016 showed evidence of reconciliation and none were signed or dated.</li> </ul>	All bank statements should show evidence of reconciliation (i.e. ticks) and signed and dated to confirm who and when this was undertaken.
5.6.1 Medium	<p>The School Inventory was last updated in February 2017. On examination of a sample of 6 rooms, it was established that the inventory did not reconcile to the items in any of the rooms examined. It was also established that the inventory is not reviewed annually as required, with the previous review taking place in 2014 (following the last audit review).</p>	A full inventory should be compiled as soon as possible on SIMS. Thereafter, an annual review should be carried out to ensure that the record is accurate and up-to-

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
	Additionally, it was established that the inventory is not produced using SIMS as required, but is produced using Microsoft Excel and the format is not adequate.	date.
5.6.2  Low	Equipment has not been marked as property of the School.	All equipment should be marked as property of the School. This could be achieved by using an indelible pen.

**AUDIT NAME: YSGOL TY COCH**

**DATE FINAL REPORT WAS ISSUED: 11/09/2017**

**INTRODUCTION**

Ysgol Ty Coch is an educational establishment catering for children with learning difficulties and those with Autistic Spectrum Disorders. Ysgol Ty Coch also has a satellite site at Buarth y Capel in Ynysybwl. It was set up in September 2014 to meet the needs of students aged 14- 19 years with a primary need of autism and who had previously been taught in specialist autistic provision throughout Rhondda Cynon Taf. Ysgol Ty Coch was previously subject to an Internal Audit review in June 2014.

**SCOPE & OBJECTIVES**

In accordance with the agreed Internal Audit Plan for financial year 2017/18, a review of Ysgol Ty Coch (incorporating Buarth y Capel) was undertaken. Audit testing was carried out on a sample of transactions made during the last and current financial years to ensure that fundamental controls are present and operating satisfactorily.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 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 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 in place at Ysgol Ty Coch (which incorporates Buarth-y-Capel) is considered to be effective with opportunity for improvement.

**Safeguarding**

The School have a Safeguarding and Child Protection Policy which is reviewed within the required timescales. Overall, the educational trips selected for testing during this review were administered well, with the appointed EVC authorising all trips prior to them taking place.

A record is held at the School of staff who have been DBS checked, with this updated as and when staff commence/cease employment at the School.

All staff at the School received Level 1 Safeguarding training in September 2016.

#### **School Private Fund**

At the time of the fieldwork it was established that the fund ledger was not up to date and a record of daily income is not completed as and when income is received by the Office Manager.

The Fund is also being used to facilitate the banking of income that relates to the School budget account, with delays identified in the subsequent transfer of this income. Bankings are not being made on a timely basis as required by the School Private Fund Regulations; these were found to vary in frequency with large amounts being taken to the bank by staff (this is the same for budget income i.e. school meals). Management should consider implementing weekly secure cash collections to ensure deposits are more timely. The School should also liaise with the Council's VAT section to ensure all income and expenditure is being correctly accounted for, in particular regarding 'Cafe Coch'.

#### **Purchase Card**

There are two purchase cards in use, one at Ty Coch and one at Buarth y Capel. Both cards are used frequently and there were receipts / confirmation present for each transaction examined during the sample period. However it was found that the transaction log for Ty Coch's purchase card is completed in retrospect i.e. monthly. Additionally, no evidence was available on the transaction logs of reconciliation by the Executive Headteacher. A review of purchases also identified that meat is not always purchased from an approved supplier of the Council.

#### **Purchasing**

The School currently raise orders either over the telephone or online using requisitions completed by staff; a spreadsheet is used to record these orders (which are numbered by the School). There is no official ordering system in place and orders are not formally completed using the Official Order Book.

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

No full inventory check has been undertaken by the School since the previous Internal Audit review. Whilst an inventory system which uses bar codes has been purchased, this is still in its infancy. The School should seek to collate this information and update the system to ensure that a whole School record of assets held is available.

#### **School Meals Income**

It was established that whilst all income is collected and banked by the Office Manager, there is no secondary person verifying that the income collected is correct.

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

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1 Medium	<p>A central Record of Daily Income (RODI) is not being completed as and when income is received for the School Private Fund.</p> <p>Additionally, the Office Manager confirmed that whilst a record is retained each time income is received from a teacher; these are not countersigned by the teacher handing over the income.</p>	<p>All income should be recorded on the RODI as and when it is received to ensure that all income is properly accounted for.</p> <p>Additionally, both staff involved in the handing over / receiving of income should sign the records to confirm the amounts involved.</p>
5.1.2 Medium	<p>The Officer Manager at Ty Coch maintains an electronic ledger and this is in an appropriate format. However, it is not up to date with the latest transactions; instead it is only updated when bankings take place.</p> <p>Additionally, it is not printed, reconciled, signed and dated each month in line with the School Private Fund Regulations.</p>	<p>All income and expenditure transactions should be recorded on the School Private Fund Ledger as and when it occurs.</p> <p>In line with Appendix 2 (Point 1.2) of the School Private Fund Regulations, the electronic ledger should be printed each month, reconciled to the bank statements and signed and dated by the person undertaking the reconciliation.</p>
5.1.3 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 promptly raised to the School Budget and clearly annotated on the School Private Fund Records'</i>.</p> <p>Examination of the fund ledger for the period 21<sup>st</sup> July 2016 to 5<sup>th</sup> May 2017 identified that there were</p>	<p>Where income is banked into the School 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>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
	<p>balances held within the School Private Fund account waiting to be banked into the School Budget account for long periods of time. These amounts include:</p> <ul style="list-style-type: none"> <li>• £600 from ESTYN for Headteacher training. Received 6/2/2017, paid into budget 1/3/2017.</li> <li>• £7,200 grant from Arts Council Wales for School to pay for tutors. Received 15/8/2016, paid out on 17/1/2017 and 7/4/2017.</li> <li>• £735.20 paid in for staff fund for safekeeping. Received 21/7/2016, paid out on 14/10/2016.</li> <li>• £1,000 received from Bridgend CBC. Received 14/12/2016, paid out on 27/1/2017.</li> </ul>	
5.1.4 Medium	<p>A review of bankings made for both School Budget income and School Private Fund income identified that the frequency of bankings varies, with some bankings not being made for up to three weeks. This often results in large amounts of income needing to be banked.</p> <p>Discussions with the Office Manager identified that currently the bankings are made in two different banks, with one of these due to be closed (which will consequently require the Office Manager to travel further to undertake bankings).</p> <p>Additionally, bankings at Buarth-Y-Capel are made at a post office in a neighbouring village.</p>	<p>The School should consider transferring the School Private Fund bank account to Barclays Bank. Regular Loomis cash collections could then be arranged to ensure all income, for both the School Private Fund and the School Budget Account (which is already with Barclays), is collected and banked appropriately and regularly.</p> <p>If this was to be implemented, the Executive Headteacher would also need to consider how bankings should be undertaken at Buarth-Y-Capel, as the amount of income generated there does not justify a Loomis cash collection.</p>
5.1.5	<p>The School have created a cafe at Ysgol Ty Coch, called 'Cafe Coch', to allow pupils to enhance their</p>	<p>The School should contact the</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
Medium	<p>cooking skills. The items cooked are then sold to other pupils, teachers and occasionally parents. The Executive Headteacher stated that they do not directly charge for these sales, but encourage 'donations' as a form of payment. Any income collected is then banked within the School Private Fund account, without VAT being accounted for.</p> <p>To purchase stock, the School's purchase card is used, with any costs then vired from the School Private Fund into the Budget Account to cover the expenditure incurred.</p> <p>Discussions with the Council's VAT Accountant established that administering the income/expenditure of the cafe in this way is not appropriate.</p>	<p>Council's VAT Accountant and discuss how income and expenditure for Cafe Coch should be accounted for to ensure HMRC guidelines are adhered to going forward.</p>
5.2.1 Medium	<p>There are currently two purchase cards used, one at Ty Coch and one at Buarth-Y-Capel. The purchase cards are administered separately by the two School clerks and there are varying processes in place for administering each purchase card.</p> <p>The transaction log for Ty Coch's purchase card is only being updated on a monthly basis, not as and when transactions occur.</p> <p>Additionally, whilst the Executive Headteacher authorises purchases online, there is no evidence of reconciliations being made to the transaction logs at either sites.</p>	<p>The 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, with evidence of these reconciliations available and a signature confirming the independent reconciliation.</p>
5.2.2 High	<p>While there is no obligation for schools to purchase from contracted suppliers, those suppliers contracted 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 had been made to be cooked at the School. However these purchases are not always made with appropriate suppliers, with an instance whereby meat had been purchased from a local butcher, who is not a Council approved supplier.</p>	<p>The School need to consider who they purchase items from.</p> <p>Considerations should include the risk involved in the handling, safety, storage and delivery of food products purchased.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p><b>NOTE: This recommendation was not accepted by Management, as follows:</b>  <i>Not accepted. The local butcher used complies with Welsh Government 'Scores on the Doors' and this was checked prior to purchase.</i></p> <p><i>All food prepared was done so on this isolated instance by qualified school staff who are trained to food hygiene level 2.</i></p> <p><i>There is no obligation for schools to purchase from contracted suppliers.</i></p>	
5.3.1 Medium	<p>Discussions at Ty Coch and Buarth-Y-Capel revealed that orders are currently made via 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.</p> <p>No formal order is raised in an Official Order book and no evidence is available that the order was correctly authorised. Currently, both have formulated their own order forms detailing orders and order numbers.</p> <p>Additionally, as no official orders are placed, there is no evidence available to suggest checks have been made to the subsequent delivery note and invoice.</p>	<p>The School should ensure that for all purchases made for goods and services that either an Official order is raised and authorised using the Official Order book or the purchase is made via the Purchase Card.</p> <p>All staff should be reminded of this process going forward.</p>
5.4.1 Medium	<p>There is no up to date Inventory at School.</p> <p>While the School has purchased an inventory system which uses barcodes to update equipment, this is still work in progress.</p>	<p>A full School inventory review should be completed immediately.</p> <p>Thereafter, any new assets / disposals should be recorded on the inventory as and when they occur.</p>
5.5.1	<p>Discussions with the Office Manager established that all income is received in envelopes from pupils and the Office Manager verifies the amounts and signs the receipt book with no counter signatory to confirm</p>	<p>When income is passed to the office for banking, details of the</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
Medium	<p>the amounts collected.</p> <p>This is also the same practice at Buarth y Capel.</p>	<p>handover should be supported on the income record by the signatures of both the persons depositing and receiving cash, as evidence of the amounts involved.</p> <p>In the event that this may not prove possible, the cash should be counted by two members of Finance staff, with the two staff verifying the income received.</p>

**AUDIT NAME: GENERAL LEDGER & ACCOUNTING**

**DATE FINAL REPORT WAS ISSUED: 28/09/2017**

**INTRODUCTION**

The management and control of the Council's General Ledger is undertaken within the Corporate & Frontline Services Group (Finance Division). The purpose of the General Ledger system is to record all financial transactions and provide the required information for the preparation of Management Accounts, Final Accounts and Financial Returns.

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

**SCOPE & OBJECTIVES**

In accordance with the Internal Audit Plan for 2017/18, a review of the General Ledger was undertaken.

The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the internal control systems operating within the General Ledger. The objective of the review was to:

- Assess the standards of control operating within the general ledger system.

**AUDIT OPINION**

Overall the control environment for the General Ledger and Accounting framework is considered to be effective with Civica Financials being used, a system which meets statutory and management accounting and reporting requirements.

Civica Financials is able to provide revenue, capital, pension fund, trust funds and joint committee accounts as required by statute.

The budget for 2017/18 was agreed by Council 1/3/2017. Civica Financials was updated in accordance with the agreed budgets, and it has been correctly rolled up into Civica Financials to ensure that all Groups have their correct allocation of the budget and to enable accurate budget monitoring to take place.

The values of balance sheet items had been correctly carried forward from 2016/17 into 2017/18 to ensure the information held in Civica Financials can be relied upon as being correct.

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

All transactions tested as part of this review have an audit trail, which highlights each transaction's unique reference number, date / time and the identity of the individual who carried out the transaction.

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

**No recommendations made.**

**AUDIT NAME: TREASURY MANAGEMENT**

**DATE FINAL REPORT WAS ISSUED: 19/09/2017**

**INTRODUCTION**

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

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

**SCOPE & OBJECTIVES**

In accordance with the Internal Audit plan for 2017/18, a review of Treasury Management was undertaken.

The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the internal control systems operating within the Treasury Management Team. The objective of the review was to:

- Assess the standards of control operating within the treasury management function.

**AUDIT OPINION**

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

At the Full Council meeting held on 15<sup>th</sup> March 2017, Members approved the Treasury Management Strategy, Investment Strategy, Prudential and Treasury indicators and the Minimum Revenue Provision (MRP) Policy Statement.

On the 19<sup>th</sup> July 2017, Council received and agreed the 2016/17 Annual Treasury Management review which included the estimated and actual Treasury position, Prudential and Treasury indicators.

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

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

To date the Council has not taken out any new long term loans in 2017/18.

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

**No recommendations made.**

**AUDIT NAME: PAYROLL**

**DATE FINAL REPORT WAS ISSUED: 29/08/2017**

**INTRODUCTION**

The Council offers various staff benefits to its employees which are administered by the Human Resources department, the Payroll section and Third party partners.

**Salary Sacrifice**

Salary Sacrifice is a method whereby employees forgo a portion of their salary which then becomes exempt from National Insurance and Income Tax. Salary Sacrifice provides employees with a non cash benefit helping them to save on purchases which include motor vehicle leasing, technology items and mobile phones.

There are also savings to the Council (the employer) as full National Insurance contributions do not have to be paid on the amount that is sacrificed by employees.

The Council also offers staff the opportunity to purchase additional annual leave, subject to Line Manager / Chief Officer approval. The officer's salary will be reduced through a salary sacrifice scheme via monthly deductions.

**SCOPE & OBJECTIVES**

In accordance with the agreed Internal Audit Plan for 2016/2017 a review of Payroll was undertaken specifically focussing on the administration of 'Staff Benefits'.

The specific control objectives examined were to ensure that:-

- Technology items / smart phones / cars purchased through the workplace scheme are being correctly administered as a Salary Sacrifice.
- Purchasing additional leave is being correctly administered as a Salary Sacrifice.

**AUDIT OPINION**

Overall the control environment in respect of the management of salary sacrifice is considered to be effective.

All checks were based on the HMRC guidelines at the time of the review.

There was a tranche in 2016/17 where employees were able to purchase smart phones and technology items through the Council's Salary Sacrifice Scheme. It is now closed and Credit Sale agreements were developed and agreed between the Council and its partner on 13/1/2017. Unlike technology and smart phones, employees are able to lease green cars on an ongoing basis through an agreed partner. The Council's VAT officer has worked with the Payroll Section to ensure that VAT on all salary sacrifice schemes is being correctly treated.

**Smart Phones**

In total 55 items appear on the Smart Phone contract agreement and audit testing identified that from a sample, there are 55 employees correctly having

deductions made from their salaries over a 24 month period based on the smart phones they have purchased.

**Technology Items**

In total 401 items appear on the Technology contract agreement and audit testing identified that from a sample, there are 201 employees correctly having deductions made from their salaries over a 36 month period based on the technology items (often more than 1 item) they have purchased.

**Green Cars**

As at February 2017, 14 green cars had been leased by employees through the Council’s agreed partner. Audit testing identified that from a sample, each employee is correctly having deductions made from their salaries over a 36 month period based on the vehicle they have leased.

**Purchase of Additional Leave**

A Purchase of Additional Leave Scheme was developed by Human Resources in October 2016.

For the sample selected it was established that additional leave requests had been correctly applied for by the employee and authorised by their managers and Chief Officer. However, it was noted that:-

- Line Managers had not updated Vision to reflect the additional leave purchased for 5 of the 12 officers sampled.
- Line Managers had not updated the annual leave used at the year end for 7 of the 12 officers sampled.
- The Line Manager of one employee had incorrectly authorised the carryover of two additional leave days purchased.

**SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1  Low	All additional leave purchased by officers should be immediately updated onto Vision by their Line Manager to accurately reflect the employee’s new leave entitlement.  From a sample of 12 employees purchasing additional leave it was noted that the Vision system had not been updated for 5 of them - <ul style="list-style-type: none"> <li>• Employee 1 - 5 additional days;</li> <li>• Employee 2 - 3 additional days;</li> <li>• Employee 3 - 5 additional days;</li> <li>• Employee 4- 3 additional days; and</li> <li>• Employee 5 - 1 additional day.</li> </ul>	All managers should be reminded that all additional leave purchased by employees must be updated onto Vision promptly to accurately reflect the employee’s annual leave balance.

<p>5.1.2</p> <p>Low</p>	<p>Section 4.7 of The Purchase of Additional Leave Scheme states that all additional leave that has been purchased and not used by the 31st March will not be carried forward and therefore will not be refunded.</p> <p>As at 29/3/17, 7 of the 12 employees sampled had annual leave days showing in Vision.</p> <ol style="list-style-type: none"> <li>1. annual leave balance on Vision 7 days and the 5 additional days purchased hadn't been added. <ul style="list-style-type: none"> <li>• <i>The Line Manager confirmed all leave taken, Vision not updated.</i></li> </ul> </li> <li>2. annual leave balance on Vision 0 days and the 3 additional days purchased hadn't been added. <ul style="list-style-type: none"> <li>• <i>The Line Manager confirmed all leave taken, Vision not updated.</i></li> </ul> </li> <li>3. annual leave balance on Vision 7.5 days. <ul style="list-style-type: none"> <li>• <i>The Line Manager confirmed all leave taken and member of staff terminated employment 30/3/17.</i></li> </ul> </li> <li>4. annual leave balance on Vision 2 days and these 2 days have been carried forward on Vision into 2017/18. <ul style="list-style-type: none"> <li>• <i>The Line Manager confirmed that the 2 days hadn't been used and will be carried forward to 2017/18</i></li> </ul> </li> <li>5. annual leave balance on Vision 0 days and the 5 additional days purchased hadn't been added. <ul style="list-style-type: none"> <li>• <i>The Line Manager confirmed all leave taken, Vision not updated.</i></li> </ul> </li> <li>6. annual leave balance on Vision 21 days and 3 additional days purchased hadn't been added. <ul style="list-style-type: none"> <li>• <i>The Line Manager confirmed all leave taken, Vision not updated.</i></li> </ul> </li> <li>7. annual leave balance on Vision 3 days and the 1 additional day purchased hadn't been added. <ul style="list-style-type: none"> <li>• <i>The Line Manager confirmed all leave taken, Vision not updated.</i></li> </ul> </li> </ol>	<p>All managers should be reminded that all additional leave purchased and used by employees should be updated onto Vision promptly to accurately reflect the employee's annual leave balance.</p> <p>All managers should be reminded that all additional leave purchased by employees must be used by the year end.</p> <p>Management should consider adding the additional leave user note to the Vision User Manual.</p>
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