

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2015/16

COMMITTEE:

AUDIT COMMITTEE

25th January 2016

Item No. 4
Finalised Audit Assignments 2015/16

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

Author: Marc Crumbie (Operational Audit Manager)

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1. PURPOSE OF THE REPORT

This report provides Members with a summary of audit assignments completed between 1st December 2015 and 31st December 2015.

2. RECOMMENDATIONS

It is recommended that Members review the information contained within the report and:

- 2.1 Seek clarity and explanation where there are areas of concern.
- 2.2 Identify further action to be taken where deemed necessary.

3. BACKGROUND

- 3.1 In line with agreed procedures, I attach at **Appendix 1** a summary of audit assignments completed between the period of the 1st December 2015 to the 31st December 2015.
- 3.2 I have provided Members with the Introduction, Scope & Objectives, Auditor's stated opinion along with a summary of all recommendations made for each audit review completed to final report stage within the stated period.
- 3.3 Members will note that 6 audit assignments have been finalised in the period.

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

COMMUNITY & CHILDREN'S SERVICES

- COMMUNITY EQUIPMENT SERVICE & WORKCHOICE GRANT

EDUCATION & LIFELONG LEARNING

- CYMMER JUNIOR SCHOOL
- FFYNON TAF PRIMARY SCHOOL
- ST JOHN BAPTIST CIW HIGH SCHOOL – FOLLOW-UP
- ST MARGARET'S CATHOLIC PRIMARY SCHOOL
- YSGOL YR EOS

4. SUMMARY

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

4.2 In doing so, it enables Members to form an opinion on the overall control environment prior to the closure of accounts process for 2015/16.

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

25th January 2016

Report of the Group Director, Corporate & Frontline Services

Author: Marc Crumbie (Operational Audit Manager).

Item	File Ref:
5. Finalised Audit Assignments 2015/16	IA / MC

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APPENDIX 1 – FINALISED AUDIT ASSIGNMENTS

COMMUNITY & CHILDREN'S SERVICES
AUDIT NAME: COMMUNITY EQUIPMENT SERVICE & WORKCHOICE GRANT
DATE FINAL REPORT WAS ISSUED: 09/12/2015
<p>INTRODUCTION</p> <p>Rhondda Cynon Taf County Borough Council forms part of a pool funded partnership consisting of 5 partners with Merthyr and Bridgend Councils and the NHS Local Health Boards of Cwm Taf and ABMU who together help co-ordinate the management and delivery of community equipment to residents / patients / clients as required.</p> <p>Typically, occupational nurses and physiotherapists employed by the 5 partners are responsible for placing the equipment order and for identifying which of the 5 pool funded partners will ultimately be responsible for picking up the cost.</p> <p>The projected cost of providing the service which includes items delivered, staff salaries, premises and vehicles is apportioned using an agreed formula to all partners.</p> <p>The Community Equipment Service Manager is responsible for managing both the Cequip system (orders and recharging) and for ensuring that all orders are fulfilled to all clients / patients throughout the pooled fund area.</p> <p>Vision Products claims a Workchoice grant from the Department of Work and Pensions (via Shaw Trust) for the employment of staff that have a disability. Each month a claim is submitted for all the registered employees in employment.</p> <p>To continue to receive the Workchoice grant the Service is required to comply with grant conditions for each employee on the scheme, including:</p> <ul style="list-style-type: none"> • A planned number of hours of activity each month. • Review meetings on a scheduled basis. • The completion of a 'distance travelled' record. <p>The Workchoice grant is overseen by the Partnership and Development Manager.</p>
<p>SCOPE & OBJECTIVES</p> <p>In accordance with the Internal Audit Plan for financial year 2015/16, a review of the Pooled Fund charges and the Workchoice grant was undertaken. The specific control objectives examined were to ensure that:</p> <ul style="list-style-type: none"> • The Pooled Fund is being correctly administered and the recharges to partners are accurately undertaken. • The Workchoice grant is being delivered in accordance with the terms and conditions of the grant.
<p>AUDIT OPINION</p> <p><u>The Pooled Fund</u></p>

The control environment in respect of the pool fund arrangements are considered to be effective.

The procedures in place to administer recharges to Partners are robust and consistently applied. The review sampled the following ten different types of 'core' expenditure items:

- Electricity
- Water
- Fuel
- Rent
- Contract hire
- Agency staff
- Overtime
- Standby payments
- Payroll
- Functional recharges

Audit testing confirmed that all costs were appropriately calculated and re-charged.

Regarding Partners being correctly recharged for services they had received, it was established that the Wales Audit Office (WAO) undertake annual reviews and no issues had been noted in the latest Position Statement produced by the Head of Finance (Community and Children's Services). In order to avoid duplication, Internal Audit has used the outcome of this work as a source of assurance.

This review has identified that the annual Support Services projected cost is a notional cost that is charged to the 'Pool' by Rhondda Cynon Taf County Borough Council towards the Central Establishment Costs (CECs) it provides. This cost has only increased by £750 since 2012 when the Section 33 agreement was developed and has not been reviewed in the past three years to determine whether it accurately reflects the costs incurred.

The Workchoice Grant

Overall, the control environment in respect of the administration of the Workchoice grant is considered to be effective with opportunity for improvement.

The terms and conditions in respect of the grant are clear. A sample of ten employees was selected as part of this review. Whilst overall compliance was demonstrated, there were minor instances whereby review dates relating to aspects of the grant terms and conditions had lapsed:

- One employee had not received the monthly 'planned hours of activity' required within the grant.
- The timeliness of review meetings for three employees were not in accordance with the grant.
- The 'distance travelled' record had not been completed in a timely manner for two employees.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>In 2012 all 'Pool' partners agreed to the Section 33 agreement. Section 9 of this agreement is in relation to Pooled Fund and contributions. When the agreement commenced in 2012 the pooled budget required to provide the service was £2.17m, this has increased to £2.6m in 2015/16.</p> <p>All other costs have increased in this period, however the costs associated with 'Support Services' (which is a notional amount to be paid to RCT CBC to cover for items such as insurance, support services and IT), have only increased by £750 in the period.</p>	<p>It has now been 3 years since the Section 33 agreement was developed and agreed by all partners.</p> <p>The Pooled Fund Manager should perform an exercise to establish the 'current cost' of RCT CBC providing Support Services to the Pool.</p> <p>Any variations identified, higher or lower than that currently charged should be evidenced and presented to the board for consideration / approval.</p> <p>Thereafter, the amounts charged for Support Services should be periodically reviewed to ensure that they remain a true reflection of the costs incurred.</p>
5.2.1 Low	<p>A condition of the Workchoice grant is that all employees on the scheme are required to receive a minimum number of planned hours of activity every month.</p> <p>Ten officers were selected to ensure that each had received the minimum level of planned hours of activity in June. It was established that nine of the ten officers had received at least the minimum amount of hours, however one employee who started in May 2015 had no hours recorded for June.</p>	<p>Management should ensure that all officers in receipt of the Workchoice grant receive the minimum amount of planned hours of activity every month.</p>
5.2.2 Medium	<p>A condition of the Workchoice grant is that all review appointments are being conducted in line with the schedule M2 (monthly) or M3 (quarterly) based on their length of service.</p> <p>Ten employees were sampled to ensure that the review appointments were conducted in line with the schedule. It was noted that the schedule had not been complied with for three employees (as at 8/9/15)</p>	<p>Management should ensure that all review appointments are undertaken in line with the conditions of the Workchoice grant.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>as follows:</p> <ul style="list-style-type: none"> Employee A - last schedule completed 22/5/15 overdue from the 22/8/15 as scheduled to be quarterly. Employee B - last schedule completed 22/5/15 overdue from 22/8/15 as scheduled to be quarterly. In addition the 3 review appointments prior were completed 22/5/15, 25/2/15 and 17/2/14. Employee C - last schedule completed 17/7/15 overdue from 18/8/15. Manager requested to be present for interview scheduled for 10/9/15 when returning from annual leave. 	
<p>5.2.3 Medium</p>	<p>All employees on the Workchoice grant scheme are required to have a distance travelled record completed in line with the schedule, monthly or quarterly based on length of service.</p> <p>Using the same sample of ten employees it was established that as at 8/9/15 the distance travelled record had not been completed on a quarterly basis for:</p> <ul style="list-style-type: none"> Employee D - last completed 22/5/15 Employee E - last completed 22/5/15 	<p>Management should ensure that the distance travelled record is completed in a timely manner which is in line with the conditions of the Workchoice Grant.</p>

EDUCATION & LIFELONG LEARNING

AUDIT NAME: CYMMER JUNIOR SCHOOL

DATE FINAL REPORT WAS ISSUED: 17/12/2015

INTRODUCTION

The self-evaluation process is designed to help and advise Headteachers and support staff to evaluate the effectiveness of their financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Cymmer Junior School was last subject to an Internal Audit Review in February 2010 (follow up review) and this is the third cyclical visit made to the school to examine progress made under the self-evaluation process.

SCOPE & OBJECTIVES

The checklist for non-chequebook primaries comprises of 101 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2015/16.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002 - this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered and this complies with the School Private Fund Regulations laid down by the Authority and other legislations.
- To ensure the Purchase Card is being used in accordance with the guidance and procedures issued by Procurement.
- To ensure that all income due 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.

AUDIT OPINION

The overall control environment at Cymmer Junior School is considered to be effective with opportunity for improvement.

There is a Safeguarding Policy at the school that is reviewed by the Governing Body on an annual basis. All staff at the school received a DBS check prior to commencing in post and the Headteacher has an up-to-date record of staff DBS details. Whilst the Headteacher provided Level 1 Safeguarding training to all staff at the school at the beginning of the academic year, no evidence of the training was retained.

The School Clerk does not use a Record of Daily Income for the School Private Fund; instead the Ledger is up dated every half term retrospectively using the bank statements. Receipts were not located for 3 of the 20 examined. There was also no record of expenditure without receipt form in use.

Whilst there is a transaction log at the school, it is not updated as and when Purchase Card transactions occur; instead it is updated retrospectively from the

Barclays system once a month. All expenditure examined was in line with the Cardholder Manual. Whilst there were receipts present to support each transaction examined, for one transaction, a personal loyalty card was used when purchasing items for the school.

The school meals income examined was fully reconciled and no delays were identified in banking. There were appropriate free school meals authorisations at the school for the sample of pupils examined. The School Clerk and Cook ensure that the number of meals required each day correspond to the actual number of meals served. If there are variances, SIMS is updated as required. The School Clerk regularly pursues school meal arrears.

The school did not return their self evaluation checklist to Internal Audit for 2015; however the 2014 checklist indicates that all key controls in relation to the Purchasing System have been met and evidence retained. The school should ensure that the checklist is returned to Internal Audit by the required date each year.

Implementing the recommendations contained in this report will ensure that the current levels of control are enhanced.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
<p>5.1.1 Low</p>	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that: <i>'Governing Bodies should...ensure that the Headteacher and all other permanent staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'</i></p> <p>The Headteacher provided the whole school with level 1 safeguarding training during an inset day at the beginning of the academic year.</p> <p>However there is no central, up to date record of safeguarding training, the last being an attendance list dated 12th February 2012, which does not include all current staff that have commenced at the school since.</p>	<p>The School should develop a central training record to demonstrate the date and level of attainment alongside individual staff names.</p> <p>This could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.</p>
<p>5.2.1 Medium</p>	<p>Point 4.1 of the School Private Fund Regulations states: <i>'All income collected must be deposited with the Fund Treasurer promptly (i.e. on the day of collection) and recorded on a Record of Daily Income suitable for this purpose'</i>.</p> <p>Upon receipt of School Private Fund income, the School Clerk records the amounts received and the detail on the bank paying in slips, and banks the income immediately. The Ledger is only updated with details of income / expenditure every half term retrospectively using the bank statements.</p>	<p>Upon receipt, School Private Fund income should be recorded on a record of daily income.</p> <p>The income should then be transferred to the Ledger on a regular basis and reconciled to the bank statements upon receipt.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.2 High	<p>No receipts were located for 3 of the 20 School Private Fund payments examined:</p> <ul style="list-style-type: none"> • Cheque number 529 - £1081 - 13th July 2015 - Llangrannog. • Cheque number 522 - £140 - 10th June 2015 - Welsh Birds of Prey. • Cheque number 536 - £2447 - 9th October 2015 - Llangrannog. <p>In addition, there was no record of expenditure without receipt form in use at the school.</p>	<p>All payments (cheque and cash) should be supported by appropriate documentation (i.e. invoices, receipts). Where it is not possible to obtain a receipt, a record of expenditure without receipt form should be completed, as per Appendix 8 of the School Private Fund Regulations.</p>
5.3.1 Medium	<p>Whilst there is a Purchase Card transaction log at the school, this is updated retrospectively using the details on the Barclaycard system.</p>	<p>The transaction log should be updated as and when transactions occur. It should then be used to reconcile against the Barclaycard system.</p>
5.3.2 Low	<p>When examining the purchase card transactions during the sample period, one instance was identified where a personal loyalty card was used when purchasing items for the school.</p>	<p>It should be ensured that where items are purchased for the school using the school's purchase card, personal loyalty cards are not used.</p>

AUDIT NAME: FFYNNON TAF PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 22/12/2015

INTRODUCTION

The self-evaluation process is designed to help and advise Headteachers and support staff to evaluate the effectiveness of their financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Ffynnon Taf Primary School was last subject to an Internal Audit Review in March 2011 and this is the third cyclical visit made to the school to examine progress made under the self-evaluation process.

SCOPE & OBJECTIVES

The checklist for 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 2015/16.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002 - this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered and this complies with the Fund Regulations laid down by the Authority and other legislation.
- To ensure the Purchase Card is being used in accordance with the guidance and procedures issued by Procurement.
- To ensure that all income due to the Council 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 opportunity for unauthorised use of the school's computers is 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.

AUDIT OPINION

The overall control environment at Ffynnon Taf Primary School is considered to be effective with opportunity for improvement.

The school has a Child Protection Policy that is reviewed by the Governing Body on an annual basis. All staff received a DBS check prior to starting at the

school and the Headteacher has an up to date record of staff DBS details. The Headteacher stated that all staff were provided with Level 1 Safeguarding training approximately a year ago; however, there is no training record at the school as evidence.

There were no issues in terms of the administration of the School Private Fund. The income examined during the sample period was recorded and banked appropriately, without delay. The expenditure examined was appropriate in nature and the supporting receipts were present.

A transaction log is maintained and updated as and when Purchase Card transactions occur. However the evidence on the transaction log to demonstrate that it had been reconciled to the bank statements was inconsistent. All of the transactions examined as a sample were appropriate and the supporting receipts / invoices were present. One instance was identified where a personal loyalty card was used when purchasing items for the school using the Purchase Card. Whilst there is a signing in / out sheet at the school for when the card is shared amongst staff, it is not always completed. No cash is withdrawn from the Purchase Card and no delays were identified in undertaking SIMS cashbook journals.

All school meals income examined during the sample period was reconciled and banked without delay. There were free school meal authorisations at the school for the sample of pupils selected for review. The School Clerk and School Cook ensure that the number of school meals ordered correspond to the actual number of meals served each day. The School Clerk regularly pursues school meals arrears via texts / letters to parents.

1 of the 6 purchase orders selected as a sample for review was raised on SIMS after the goods were received at the School. The supporting delivery notes and invoices for each order were present at the school, and authorised by the Headteacher. Whilst there were SIMS cheque authorisation slips present for each order, 2 were not signed by the Headteacher. The school have 5 leases at present for a photocopier, CCTV, telephone, water cooler and playground equipment. However the school did not consult with Education Finance prior to entering into these leases.

There were no issues in terms of Budgetary Control. The budget agreed by the Governing Body corresponded to the budget allocated on SIMS and the previous year's under spend was verified. All virements are recorded on a virement form and approved by the Headteacher. There was evidence at the school to demonstrate that the budget is reviewed on a regular basis. The income examined during the sample period was banked and updated to SIMS without delay. The bank reconciliation process is undertaken by both the School Clerk and the Headteacher.

There were no issues in terms of Data Security and Inventory. The school is registered with the Information Commissioner and the certificate was viewed at the time of the review. The school pays Extrascope to undertake back-ups of the system.

Implementing the recommendations contained in this report will ensure that the current levels of control are enhanced.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Low	Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that: <i>'Governing Bodies should...ensure that the Headteacher and all other permanent staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by</i>	The School should develop a central training record to demonstrate the date and level of attainment alongside individual staff names.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p><i>refresher training'</i></p> <p>Whilst the Headteacher stated that all staff received Safeguarding training just over a year ago there is no training record at the school as evidence of the training.</p>	<p>This could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.</p>
5.2.1 Low	<p>Whilst there is a Purchase Card transaction log in use the evidence to demonstrate that it is reconciled to the bank statements is inconsistent.</p>	<p>There should be evidence on both the transaction log and bank statements of reconciliation.</p>
5.2.2 Low	<p>Whilst there were receipts present to support each of the Purchase Card transactions examined as a sample, for one transaction it was noted that a personal loyalty card was used when purchasing items for the school.</p>	<p>It should be ensured that where items are purchased for the school using the school's purchase card, personal loyalty cards are not used.</p>
5.2.3 Medium	<p>Point 3.1 of the Cardholder Manual states: <i>'The card can be used by other authorised staff but they must sign the Signing Out/In sheet provided to record such use'.</i></p> <p>While the Purchase Card does get shared this record is not always completed.</p>	<p>It should be ensured that the Signing Out/In sheet is always completed when the purchase card is used by any other member of staff other than the cardholder.</p>
5.3.1 Low	<p>6 purchase orders were examined as a sample.</p> <p>1 order was raised on SIMS after the goods were received (order number 4613150001).</p> <p>In addition, whilst there were SIMS cheque authorisation slips attached to each order, 2 had not been signed by the Headteacher (order numbers 4613150001 and 4613150003).</p>	<p>Official orders should be raised on SIMS in all cases where a commitment to expenditure is known in advance.</p> <p>Official orders should be completed in full with specific descriptions of the goods / services required and the anticipated costs.</p> <p>Cheque signatories should examine</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		the supporting documentation before signing the cheques and endorse the cheque authorisation slips to confirm the actual details on the cheques are correct.
5.3.2 Low	The school currently has 5 leases for a photocopier, CCTV, water cooler, telephone and playground equipment, most of which are due to expire in 2016. The school entered into these leases without prior consultation with Education Finance.	Prior to renewing any of these leases and taking out any future leases, authorisation should be gained from Education Finance before entering into any further formal agreements.

AUDIT NAME: ST JOHN BAPTIST CIW HIGH SCHOOL

DATE FINAL REPORT WAS ISSUED: 17/12/2015

INTRODUCTION & SCOPE

St John's Baptist CIW High School was last subject to a routine Internal Audit visit in February 2014.

Prior to the last review in February 2014, all fundamental financial and governance systems in operation at the School were considered and an assessment carried out in consultation with the Headteacher and Chair of Governors to identify those areas representing the highest risk to the school, and therefore necessitating review. On the basis of this risk assessment, audit work was carried out on the following areas of administration:

- Governance
- Safeguarding
- School Income
- School Private Fund
- Equipment and Data Security
- Petty Cash

Following the presentation of the report to Audit Committee, a follow-up review was requested.

AUDIT OPINION

This follow-up review now concludes that the control environment at St John's CIW High School is considered to be effective with opportunity for improvement.

The 23 new members of staff who started at the school since the last review all received a DBS check prior to their start dates. There is now a record at school of all staff DBS information which agreed to the record Internal Audit obtained from the Vision System prior to the review. All staff were provided with Safeguarding training on 2nd September 2015 and there is an attendance record at the school to demonstrate that all staff attended. The Child Protection Policy was reviewed by the Full Governing Body on 24th September 2015.

Significant improvements have been made in terms of School Income. The School Finance Policy now includes details of the roles and responsibilities of the Finance Officers and Bursar. As the current arrangements are still in their infancy and may be subject to further change, the Headteacher should ensure the policy is kept updated to reflect any amendments. While it is now clear who is responsible for receiving, recording and reconciling income for the budget account, instances were identified where the Bursar (who is responsible for the reconciliation) had also entered income onto SIMS as it had not been recorded prior to receiving the bank statements.

There have been no hire of premises or facilities since the last review; however, the school have now developed conditions of use for hirers as part of their 'Use of School Premises and Facilities Policy' and application forms are now in place to allow the Headteacher to approve any future use of school premises.

Recommendations made during the last review in terms of the School Private Fund have been implemented, i.e. the appropriate member of staff has now

been named Treasurer of the account and there is clear evidence of reconciliation on the bank statements.
 During the last review there were issues in terms of the records maintained by Teachers when collecting income for the School Private Fund (mainly relating to trips). Of most concern was the annual Belgium trip where the account had accrued in excess of £4,800. The School have now scrutinised each Belgium trip since 2011 and refunded the pupils with the surplus from each year. Records have been retained for the refunds, which details the names of the pupils, the amounts refunded, and are signed and dated. The Belgium 2015 trip was examined in detail. Whilst there were adequate records to demonstrate the amounts collected and banked by pupils, and evidence for the expenditure, including the cash float, it was identified that one pupil had been refunded the cost of the trip (£280) twice; however this sum has now been repaid by the parent.
 Implementing the recommendations contained in this report will ensure that the current levels of control are enhanced further.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
4.1.1 Medium	<p>At present, income is collected and recorded on a Record of Daily Income by the Finance Officer, with the recording of income on SIMS and completion of the bank reconciliation undertaken by the School Bursar.</p> <p>Whilst there were improvements in the frequency of recording income on SIMS, testing identified instances where income had not been updated to SIMS for at least a week after the payment / banking appeared in the bank account.</p> <p>It was also evident that on occasions, income transactions were only recorded on SIMS during the bank reconciliation.</p>	<p>All income should be entered onto SIMS prior to the bank reconciliation process.</p> <p>To ensure that the bank reconciliation process is undertaken independently, the responsibility for entering income onto SIMS should be given to one of the Finance Officers.</p> <p>Note: the Finance Officer responsible for entering income onto SIMS should not also raise invoices.</p>

AUDIT NAME: ST MARGARET'S CATHOLIC PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 22/12/2015

INTRODUCTION

The self-evaluation process is designed to help and advise Headteachers and support staff to evaluate the effectiveness of their financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

St Margaret's Catholic Primary School was last subject to an Internal Audit Review in September 2011 and this is the third cyclical visit made to the school to examine progress made under the self-evaluation process.

SCOPE & OBJECTIVES

The checklist for non-chequebook 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 2015/16.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002 - this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered and this complies with the School Private Fund Regulations laid down by the Authority and other legislations.
- To ensure the Purchase Card is being used in accordance with the guidance and procedures issued by Procurement.
- To ensure that all income due to the Council 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.

AUDIT OPINION

The overall control environment at St Margaret's RC Primary School is considered to be effective with opportunity for improvement.

The school has a Child Protection Policy; however it is reviewed every 3 years, not annually as per the statutory requirements. All staff received a DBS check prior to commencing in post, however there was no record at the school of staff DBS details. The Headteacher stated that all staff received Safeguarding training from the Local Authority in 2013 and staff have been provided with up dates as and when necessary. However no evidence of training was retained.

The School Clerk did not have a copy of the School Private Fund Regulations during the review. Whilst a copy was provided to the School Clerk during the review, it was unclear as to whether the Management Committee had previously received a copy. The School Clerk was not using a Record of Daily Income; instead the Ledger is updated retrospectively upon receipt of the bank statements. Whilst the expenditure examined was appropriate in nature, it was identified that there is a Direct Debit from the School Private Fund account, to 'Plan International', however the regulations state that Direct Debits are

not permitted from the School Private Fund. Receipts could not be located for 2 of the 11 purchases examined as a sample, with a total value of £180.00. Whilst there is a transaction log at the school it is not updated as and when Purchase Card transactions occur; instead it is updated retrospectively from the Barclays system once a month. All expenditure examined was in line with the Cardholder Manual; however, receipts / confirmation of purchases could not be located for 5 of the 12 transactions examined as a sample. There was also an issue around the security of the Purchase Card.

The school meals income examined during the sample period was reconciled and there were no delays in banking. Free school meals authorisations were present to support the sample of free school meals pupils examined. The School Clerk and Cook ensure that the number of meals ordered each day correspond to the number actually served, and if there is a variance, the School Clerk updates SIMS as necessary. Currently, the Headteacher does not review and authorise the School Meals income records to confirm that the correct amounts have actually been banked.

Implementing the recommendations contained in this report will ensure that the current levels of control are enhanced.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	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...have effective child protection policies and procedures in place that are reviewed at least annually'</i> There is a Child Protection Policy at the school which was being presented to the Governing Body at the time of the review. However the Headteacher stated that the policy is reviewed every 3 years.	The School and its Governing Body should ensure that the Child Protection Policy is reviewed on an annual basis.
5.1.2 Low	Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that: <i>'Governing Bodies should...ensure that the Headteacher and all other permanent staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'</i> The Headteacher stated that all staff were last trained by the Local Authority in 2013 and the Headteacher informs staff of updates as and when necessary. However there is no training record at the school.	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.
5.1.3	Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of	The Headteacher should liaise with

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low	<p>independent schools under the Education Act 2002 (WAG circular 158/2015) states that: <i>'Governing bodies should... operate safe recruitment procedures that take account of the need to safeguard children and young people, including arrangements to ensure that all appropriate checks are carried out on new staff and unsupervised volunteers who will work with children, including relevant DBS checks.'</i></p> <p>There was no record of staff DBS details at the school. Note: examination of the list of staff obtained from the Vision System prior to the review confirmed that all staff received a DBS check prior to commencing in post.</p>	<p>the Vision Team and obtain a list of all staff and their DBS details. This list should be retained and updated when necessary.</p>
5.2.1 Medium	<p>A copy of the School Private Fund Regulations was provided to the School at the time of review. Prior to this, the Management Committee had not been provided with copies.</p>	<p>The School should ensure that each member of the Management Committee and both Auditors are provided with a copy of the School Private Fund Regulations to ensure that they are fully aware of their roles and responsibilities.</p>
5.2.2 Medium	<p>Point 4.1 of the School Private Fund Regulations states: <i>'All income collected must be deposited with the Fund Treasurer promptly (i.e. on the day of collection) and recorded on a Record of Daily Income suitable for this purpose'.</i></p> <p>School Private Fund income is not record as and when it is received at the school. Instead it is collected in separate envelopes and banked. The Ledger is updated retrospectively upon receipt of the bank statements.</p>	<p>Upon receipt, School Private Fund income should be recorded on a Record of Daily Income. The income should then be transferred to the Ledger on a regular basis and reconciled to the bank statements upon receipt.</p>
5.2.3 Medium	<p>Receipts could not be located for 2 of the 11 School Private Fund payments examined:</p> <ul style="list-style-type: none"> • Cheque number 101830 - £170 - Ty Hafan - 17th July 2015. • Cheque number 101834 - £10 - Cynon Valley Football - 15th September 2015. <p>In addition, there was no record of expenditure without receipt from in use at the school.</p>	<p>All payments (cheque and cash) should be supported by appropriate documentation (i.e. invoices, receipts). Where it is not possible to obtain a receipt, a record of</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		expenditure without receipt form should be completed, as per Appendix 8 of the School Private Fund Regulations.
5.2.4 Medium	Point 3.8 of the School Private Fund Regulations states: <i>'No agreements should be entered into which commit School Private Funds to loans, leasing or direct debit payments, without the approval of the Director of Financial Services'.</i> There is a Direct Debit from the School Private Fund account to 'Plan International' for £16 a month to sponsor a child in Africa. The pupils pay 50p to 'dress down' every last Friday of the month in order to collect this money.	All expenditure from the School Private Fund should be made by cheque, as stated in the School Private Fund Regulations. Should the school wish to continue with this practice, then written authorisation should be obtained.
5.3.1 Medium	Whilst there is a transaction log at the school this is updated retrospectively using the details on the Barclaycard system.	The transaction log should be updated as and when transactions occur. It should then be used to reconcile against the Barclaycard system.
5.3.2 Medium	No receipts were located for 5 of the 12 Purchase Card transactions examined: <ul style="list-style-type: none"> • Amazon UK Marketplace - Black Files £24.98. • Ikea Online - Furniture £140.00. • Amazon Svcs Europe- Receipt Books £9.99. • Amazon UK Retail - Wireless USB £13.56. • Amazon UK Retail - Keyboard £29.58 	Receipts / invoices / confirmation of purchase should be retained for each Purchase Card transaction.
5.3.3 High	At the time of the fieldwork for the review, the Purchase Card was stored in a file that is stored on a shelving unit in the School Clerk's office. The same file contained details of user names and passwords for the Barclays system. The Purchase Card is shared amongst staff, however a signing in / out sheet is not used.	The Purchase Card should be stored securely with limited access, i.e. to the Headteacher and School Clerk only.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	Note – issues relating to the storage of the Purchase Card and holding the associated password information have now been resolved.	Where the card is shared, this must be recorded on a signing in / out sheet. An example of which can be found in the Cardholder Manual.
5.4.1 Medium	The school meals authorised banking reports have not been reviewed or approved by the Headteacher.	A person independent of the process of recording and banking income should regularly review the records (i.e. SIMS and Bank Paying in Books) and certify that this income has been banked.

AUDIT NAME: YSGOL YR EOS

DATE FINAL REPORT WAS ISSUED: 17/12/2015

INTRODUCTION

The self-evaluation process is designed to help and advise Headteachers and support staff to evaluate the effectiveness of their financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Ysgol yr Eos was last subject to an Internal Audit Review in January 2011 and this is the third cyclical visit made to the school to examine progress made under the self-evaluation process.

SCOPE & OBJECTIVES

The checklist for 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 2015/16.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002 - this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered and this complies with the School Private Fund Regulations laid down by the Authority and other legislation.
- To ensure the Purchase Card is being used in accordance with the guidance and procedures issued by Procurement.
- To ensure that all income due to the Council 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 opportunity for unauthorised use of the school's computers is 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.

AUDIT OPINION

The overall control environment at Ysgol yr Eos is considered to be effective.

There is a Child Protection Policy at the school which is reviewed annually. The Headteacher confirmed that all staff received safeguarding training, and there were certificates, attendance records and evaluation forms in the Headteacher's safeguarding file to demonstrate this. All staff received a DBS check prior to commencing in post and the Headteacher had a record of all staff DBS information. The Deputy Headteacher is the school's Educational Visits Coordinator (EVC) and each visit examined on Evolve as a sample was appropriately approved.

The School Private Fund income examined was reconciled and no delays in banking were identified. From the sample of expenditure examined, one instance was noted where the expenditure would have been more appropriately financed from the school's budget account i.e. training in respect of recycling for selected pupils.

There were only 7 Purchase Card transactions made since April 2015, all of which were examined. All were recorded on the Transaction Log and the corresponding receipts were located for each. The card is held securely at the school and is not taken off the school premises. The bank statements are reconciled to the transaction log monthly, and signed by both the School Clerk and Headteacher. There were no delays in undertaking SIMS cashbook journals. Cash is not withdrawn using the Purchase Card.

The school meals income examined was appropriately recorded and banked without delay. The teachers record the number of meals required each morning when taking the register. The School Clerk totals the number of meals required from each class and provides the Cook with the numbers. The kitchen staff then record the number of meals actually served, and if there are variances, SIMS is updated accordingly. There were Free School Meal authorisations present for each of the Free School Meals pupils examined as a sample.

The 6 purchase orders examined were all raised on SIMS prior to receipt of the goods and were all authorised by the Headteacher. There was evidence on each corresponding delivery note and invoice to demonstrate that they were checked to the original orders. Each invoice was approved by the Headteacher and the corresponding SIMS cheque authorisation slips.

The budget agreed by the Governing Body agrees to the budget fixed on SIMS and last year's underspend was verified. The Governing Body have authorised the Headteacher to make virements up to £2000. Where virements are made, they are formally recorded and approved by the Headteacher. The Headteacher regularly reviews the budget by using reports from SIMS, evidence of which is retained in the Headteacher's budget file. No issues were identified in terms of the income received for the budget. Both the Headteacher and School Clerk sign the bank statements. However the bank reconciliation exercise requires amendment to ensure that there is segregation of duties.

The school is registered with the Information Commissioner. The school pay Extrascope to undertake back-ups of the system, which are undertaken daily. The School Clerk confirmed that the Inventory on SIMS is up to date, and all I.T. equipment is etched with the school's name and post code. No equipment is taken off-site, but the school are aware that should equipment be taken off-site, a record should be maintained of this.

The actual cash in hand for the Petty Cash account corresponded to the balance on SIMS (£17.71). Receipts were located for each of the 5 Petty Cash transactions examined. The Petty Cash reconciliations are undertaken monthly by the School Clerk and countersigned by the Headteacher.

Implementing the recommendations contained in this report will ensure that the current levels of control are enhanced.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Low	<p>1 of the 17 purchases examined between 29th June and 12th November 2015 would have been more appropriately financed from the school's budget account:</p> <ul style="list-style-type: none"> • Training provided to some of the pupils on recycling (£300) and the purchase of recycling bins (£74.95). 	<p>Items such as training and purchasing recycling bins should be financed from the school's budget account.</p>
5.2.1 Medium	<p>Currently, only the School Clerk undertakes the bank reconciliation process and signs the bank reconciliation statements.</p>	<p>The reconciliation exercise should be carried out by a person who is independent of the banking of income and payment of invoices processes. However, if due to staff numbers this is not possible, it should be undertaken by two persons, both of whom should sign the reconciliation statements, i.e. the School Clerk and Headteacher.</p>