

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**  
**MUNICIPAL YEAR 2016/17**

**COMMITTEE:**

**AUDIT COMMITTEE**

**5<sup>th</sup> December 2016**

<b>Item No. 5</b>
<b>Finalised Audit Assignments 2016/17</b>

**REPORT OF:-**

**GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES**

**Author: Marc Crumbie (Operational Audit Manager)**

**(01443) 680779**

**1. PURPOSE OF THE REPORT**

This report provides Members with a summary of audit assignments completed between the period 18<sup>th</sup> September 2016 to 22<sup>nd</sup> November 2016.

The report also provides an interim update in respect of the status of recommendations contained within the audit report of Ysgol Hen Felin, as requested at the 31<sup>st</sup> October 2016 Audit Committee meeting.

**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 status report relating to the audit review of Ysgol Hen Felin. In addition to this, I attached at **Appendix 2** a summary of audit assignments completed between the period 18<sup>th</sup> September 2016 to 22<sup>nd</sup> November 2016.
- 3.2 Appendix 2 provides 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 13 audit assignments have been finalised in the period.

3.4 The audit assignments summarised at **Appendix 2** are: -

**CHIEF EXECUTIVE'S DIVISION**

- THEATRES

**COMMUNITY & CHILDREN'S SERVICES**

- RHONDDA HERITAGE PARK
- LEISURE SERVICES

**EDUCATION & LIFELONG LEARNING**

- ABERNANT PRIMARY
- BLAENGWAWR PRIMARY
- TON INFANTS
- TONYPANDY COMMUNITY COLLEGE
- TONYREFAIL PRIMARY
- YGG BRONLLWYN
- YGG CASTELLAU
- YSGOL GYFUN Y CYMER
- ABERCYNON COMMUNITY PRIMARY

**WHOLE AUTHORITY ARRANGEMENTS**

- PERFORMANCE INDICATORS

**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 2016/17.

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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**  
**5<sup>th</sup> December 2016**

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

Author: Marc Crumbie (Operational Audit Manager).

<b>Item</b>	<b>File Ref:</b>
5. Finalised Audit Assignments 2016/17	IA / MC
Contact Officer: Marc Crumbie Operational Audit Manager Bronwydd House Porth CF39 9DL Tel. No. (01443) 680779	



**APPENDIX 1 – YSGOL HEN FELIN (INTERIM UPDATE)****AUDIT NAME: YSGOL HEN FELIN****DATE FINAL REPORT WAS ISSUED: 20/09/2016**

An interim update in respect of the status of recommendations contained within the audit report of Ysgol Hen Felin, as requested at the 31<sup>st</sup> October 2016 Audit Committee meeting.

**SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>	<b>STATUS</b>
5.1.1 High	Examinations found that at the time of audit, there were 39 unauthorised trips/excursions on Evolve. The two authorisers are sharing a login and password for Evolve. Also, the practicalities of having two authorisers (one of which is not based at the school) is not considered appropriate as they would not know if one or the other had authorised a trip prior to it taking place.	The School should reconsider who their EVC Co-ordinator is on the basis that the current member of staff responsible is not based in the School on a day to day basis. Additionally, the School should identify just one authoriser to ensure they are fully responsible for authorising all trips/excursions. It should be ensured that the authorisation of school trips via Evolve is evident prior to the visit taking place.	The original EVC has remained in place as the Headteacher feels this officer is the most appropriate person to undertake the role. The School now only have one authoriser for all trips/excursions, this being the Assistant Headteacher. The Headteacher confirmed he is satisfied the process is working appropriately. Detailed testing of these processes will be undertaken in the follow up review in Quarter 4.
5.1.2 High	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 all staff and volunteers who work with children undertake appropriate training to equip them</i>	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.	The Headteacher has confirmed the Deputy Headteacher now maintains a training record that is updated as and when training is provided. The Headteacher confirmed all staff at the School have received Level 1 training in September 2016, with the Senior Leadership team having received Level 3 training.

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	STATUS
	<p><i>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>It was established that there is no central training record at the school that details the members of staff trained, dates and at what levels.</p> <p>The Deputy Headteacher confirmed that there had recently been 17 members of staff who undertook Level 1 Safeguarding Training and 4 staff who undertook Level 3 Safeguarding Training. These were evidenced by way of an attendance register. However, these registers have not been used to establish a central training record.</p>		<p>Detailed testing of these records will be undertaken in the follow up review in Quarter 4.</p>
<p>5.1.3</p> <p>Medium</p>	<p>There is no record maintained at the School of all staff and volunteers who have been DBS checked.</p> <p>It is noted that the Acting Executive Headteacher held a copy, which he had obtained from the Council's Human Resources Service, but this was for work he is undertaking and not a School copy.</p> <p>Examination of the current staffing list obtained from Human Resources established that there are 5 individuals still on the current staff list that should not be. These being: -</p> <p>Employee A - Casual Teaching Assistant</p>	<p>A record of all DBS checks undertaken for staff and volunteers should be maintained and held at the School. This should detail their names, reference number and date of check.</p> <p>The Headteacher should review the current staffing list with Human Resources and ensure any staff no longer employed by the school are removed.</p>	<p>The Headteacher confirmed the school clerk maintains a record of all DBS checks.</p> <p>The Headteacher confirmed he is yet to review the staff list with HR to remove the 5 individuals on the original staff list. He intends on doing this by 31<sup>st</sup> December 2016.</p> <p>Detailed testing of these records will be undertaken in the follow up review in Quarter 4.</p>

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	STATUS
	<p>(Level 2) - Had not worked at the school for over 2 years.</p> <p>Employee B - Casual Teaching Assistant (Level 1) - Never started work at the school.</p> <p>Employee C - Casual Teaching Assistant (Level 1) - Never started work at the school.</p> <p>Employee D - Casual Teaching Assistant (Level 1) - Has not worked at the school for at least a year.</p> <p>Employee E - Casual Teaching Assistant (Level 2) - Had not worked at the school since before December 2015.</p> <p>Internal Audit has confirmed that all staff working at the school have a DBS check.</p>		
<p>5.2.1</p> <p>High</p>	<p>The following was noted in respect of the School Private Fund arrangements: -</p> <ul style="list-style-type: none"> <li>• The school did not have a copy of the latest School Private Fund Regulations.</li> <li>• The previous Headteacher is still the appointed Chairperson of the School Private Fund.</li> <li>• 2 of the 4 cheque signatories no longer work at the school.</li> </ul>	<p>The School should obtain a copy of the latest version of the School Private Fund Regulations (dated September 2014). Copies of the Regulations should also be provided to all members of the Fund Committee and the two appointed auditors. The School needs to appoint a new Chairperson for the School Private Fund. The School should seek to amend the panel of signatories for the School Private Fund, ensuring the signatories are current members of staff and also not auditors for the fund. A copy of the new mandate should then be</p>	<p>The School have a copy of the School Private Fund Regulations.</p> <p>The School have appointed the Deputy Headteacher as the Chairperson and cheque signatories have been amended to current members of staff.</p> <p>Going forward, the School still need to appoint 2 independent Fund Auditors.</p> <p>Detailed testing of this will be undertaken in the follow up review in Quarter 4.</p>

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	STATUS
		retained at the School.	
5.2.2 Medium	The School Clerk maintains an electronic ledger (Excel) and is in an appropriate format. However, it is not up to date with the latest transactions; the last transaction up dated was 9/6/16 although there had been transactions since this date. Additionally, it is not printed, reconciled, signed and dated each month in line with the School Private Fund Regulations.	All income and expenditure transactions should be recorded on the School Private Fund Ledger as and when they occur. 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.	The Headteacher and school clerk confirmed that transactions are updated as and when they occur.  They also confirmed the Deputy Headteacher regularly reviews transactions.  Detailed testing of this will be undertaken in the follow up review in Quarter 4.
5.2.3 Medium	Point 4.5 of the School Private Fund Regulations states: 'Income must be banked in accordance with Rhondda Cynon Taf County Borough Council banking regulations, which at present require that all money is banked weekly where £50 or more is collected, or immediately where the amount in hand reaches £200'. Since September 2015, large amounts of cash and cheques had not been banked promptly, with there only being 8 bankings made, which totalled £24,067.90. The Treasurer explained this can be partly attributed to there being no local bank to make regular bankings.	In accordance with the School Private Fund Regulations, income should be banked regularly to ensure cash held at the School is kept to a minimum.	The Headteacher confirmed the School has changed to a Barclays account and has signed up to fortnightly cash collections.  Detailed testing of this will be undertaken in the follow up review in Quarter 4.
5.2.4	Point 1.3 of the School Private Fund	All expenditure should be in line with the	The Headteacher confirmed the School Private Fund Regulations have now been adopted and



REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	STATUS
Medium	<p>Regulations states: <i>'The fund should benefit the pupils or the school. The Private Fund must not be used to pay for goods or services that ordinarily would be funded from the school's delegated budget'.</i></p> <p>Two compliance issues were noted in respect of School Private Fund expenditure:</p> <ul style="list-style-type: none"> <li>7/9/15 - Air Conditioning Unit - £200 <ul style="list-style-type: none"> <li>This item also did not have an appropriate receipt present to support the expenditure.</li> </ul> </li> <li>9/2/16 - Room Hire Xmas Ball - Pentre C Club - £50 - which also had no receipt present.</li> </ul>	<p>School Private Fund Regulations.</p> <p>All items of expenditure should be supported by a receipt or invoice.</p> <p>Where one is unavailable, a PF2 form (Record of expenditure made without receipt) should be used.</p> <p>(A recommended format for this record is included at Appendix 8 in the School Private Fund Regulations).</p>	<p>all expenditure and records held are in line with these.</p> <p>Detailed testing of this will be undertaken in the follow up review in Quarter 4.</p>
5.2.5 Medium	<p>Section 9.2C of the School Private Fund Regulations states that: <i>'The trip organiser must maintain a record of all monies received. This should include the name, the amounts received, the date received and the date it was deposited with the Treasurer. This must be a permanent and legible record'.</i></p> <p>Audit testing confirmed there were inconsistencies in the level of detail recorded by teachers for trips. In most cases, there were no records maintained by teachers, with income passed to the School Clerks but no details recorded of amounts and dates handed</p>	<p>The School should establish a standard trip procedure, with a suite of proformas to be used when organising and administering a trip.</p> <p>Teacher records should detail pupil name, amounts paid and dates of payment. It should also be evident when the income has been passed to the Treasurer for banking and that this has been done in a timely manner.</p> <p>When this income is handed over to the Treasurer, the Treasurer should ensure their Record Of Daily Income form is updated immediately.</p>	<p>The Headteacher and school clerk confirmed that teacher records are now in place and ongoing training for staff and monitoring of these records is undertaken and will continue to do so.</p> <p>The school clerk maintains a Record of Daily Income.</p> <p>Detailed testing of this will be undertaken in the follow up review in Quarter 4.</p>

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	STATUS
	over. It was also identified that the Record Of Daily Income form for the School Private Fund is not being updated as and when income is received.		
5.2.6 Medium	<p>Section 9.1 of the School Private Fund Regulations states that:  <i>'Any member of staff running a school trip is required to draw up and provide the Treasurer with a statement of account within one month of the conclusion of the trip. This must show details of all the receipts and payments relating to the trip which must be reconciled to the ledger'.</i></p> <p>The Fund Treasurer stated that Statements of Accounts are not prepared at the conclusion of any School trip.</p>	<p>A statement of account should be prepared detailing income received and expenditure incurred at the conclusion of each trip and passed to the Fund Treasurer for retention. The statement should be signed and dated by the trip organiser as confirmation of the amounts involved.</p>	<p>The Headteacher and school clerk confirmed that whilst no trips had been completed as of yet, statements of accounts will be completed after trips have taken place.</p> <p>Detailed testing of this will be undertaken in the follow up review in Quarter 4.</p>
5.2.7 Medium	<p>Whilst some bank statements show evidence of reconciliation (i.e. ticks) many do not and also they are not signed and dated as evidence of who undertook the review.</p>	<p>Each bank statement should demonstrate evidence of reconciliation and should be signed and dated by the person undertaking the reconciliation.</p>	<p>The Headteacher confirmed the School has changed to a Barclays account. As yet the School had not received any bank statements but the Fund Chairperson will sign and date statements when received.</p> <p>Detailed testing of this will be undertaken in the follow up review in Quarter 4.</p>
5.3.1 Medium	<p>The School does not have a Financial Procedures document. The following issues were also noted in respect of the School's purchasing arrangements: -</p>	<p>The School need to devise a Financial Procedures document.          To avoid additional work, invoices for non-orders e.g. utilities, should be paid via the</p>	<p>The Headteacher confirmed a Financial Procedures document has been completed and ratified by the School Governors.</p>

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	STATUS
	<ul style="list-style-type: none"> <li>The School Clerk raises a purchase order for all invoices, whether the invoice is for an item ordered or a non-order invoice e.g. utilities.</li> <li>All orders had been raised after receipt of the invoice, even though a prior request would have been made.</li> <li>Orders show no evidence of being checked to delivery notes/invoices.</li> <li>Copy orders are not attached to the relevant invoice/delivery notes.</li> </ul>	<p>School Purchase Card where possible.</p> <p>If the School is unable to use the Purchase Card, there is no requirement to complete the Official Order Book for these types of invoices.</p> <p>Where a prior request is made for goods / services, an order should be raised in the first instance. If an order was placed via telephone, an order should be raised as soon as possible thereafter.</p> <p>Once the goods / services are received, the delivery note should be checked against the original order to ensure that the goods received agree to what was originally ordered. The order and delivery note should demonstrate evidence of this check (e.g. items ticked) and the delivery note should be signed and dated by the person undertaking this check.</p>	<p>The Headteacher and school clerk confirmed that purchases are now processed in line with the recommendations given. Most purchases are made with the Purchase Card.</p> <p>Detailed testing of this will be undertaken in the follow up review in Quarter 4.</p>
5.4.1  High	<p>There has been no limit delegated to the Headteacher for the approval of budget virements.</p> <p>Additionally, any virements made are not formally documented and approved.</p>	<p>The Governing Body should delegate an approved virement limit to the Headteacher to enable the Headteacher to make adjustments to the School's budget, as required, in line with the limit set down.</p> <p>A record should be retained at the School of any budget amendments using a Virement Form.</p>	<p>The Headteacher confirmed he has been delegated the limit of £5,000 for purchases and virements.</p> <p>Detailed testing of this will be undertaken in the follow up review in Quarter 4.</p>
5.5.1	A Record of Daily Income (RODI) is being	All income should be recorded on the RODI	The Headteacher and school clerk confirmed all

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	STATUS
Low	completed for pupil meal income. However, no record is maintained for staff meal income.	as and when it is received to ensure that all income is properly accounted for.	income is now recorded on the RODI.  Detailed testing of this will be undertaken in the follow up review in Quarter 4.
5.6.1 High	<p>There are currently two purchase cards used: one for School purchases and the other for Training Centre purchases. The purchase cards are administered separately by the two School Clerks, whereby there are varying processes in place for administering each purchase card.</p> <p>It was established that there is no independent check of purchase card transactions and records, with the School Clerks responsible for purchasing, inputting and authorising all purchases.</p> <p>It was also established that the card details for the Training Centre are saved onto Amazon, whereby staff are making purchases using the saved details and not obtaining the purchase card to make them.</p> <p>Additionally, the Transaction Log for the Training Centre's purchase card is only being updated on a monthly basis, not as and when transactions occur.</p>	<p>The School should consider using only one purchase card and this then being administered by one School Clerk. This will provide improved control over expenditure made by the School and Training Centre. Staff should ensure card details are not saved on websites.</p> <p>A senior member of staff should regularly review and authorise all purchase card transactions to ensure they are appropriate to the School.</p> <p>The Transaction Log should be updated as and when purchases are made. The purchases recorded on the Transaction Log should then be reconciled to the Barclays system to ensure that all purchases correspond.</p>	<p>The Training Centre is no longer linked to Ysgol Hen Felin.</p> <p>The Headteacher confirmed there is now only one Purchase Card at the School, which is administered by the school clerk, with records updated as and when transactions occur. No card details are saved on websites.</p> <p>Detailed testing of this will be undertaken in the follow up review in Quarter 4.</p>
5.7.1	There is no I.T. Policy at School for staff that includes information on safeguarding School software / data, back-ups etc.	The School should devise an IT Policy that includes information on safeguarding School software / data, including anti-virus	The Headteacher confirmed an e-safety and ICT curriculum policy has been written and ratified.

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	STATUS
Medium		software, and detailing the procedure for undertaking and retaining back-ups.	<p>The Headteacher confirmed he is currently writing an IT, Data protection, asset management and password protection policy. The Headteacher confirmed this will be completed by 31<sup>st</sup> January 2017.</p> <p>Detailed testing of this will be undertaken in the follow up review in Quarter 4.</p>
5.8.1  Medium	There is no up to date inventory at school.	<p>A full School inventory review should be completed immediately.</p> <p>Any new assets / disposals should be recorded on the inventory as and when they occur.</p>	<p>The Headteacher confirmed the School have undertaken an inventory review, with the inventory being a manual record.</p> <p>The Headteacher confirmed they are looking to introduce a computerised record by the end of January 2017.</p> <p>Detailed testing of this will be undertaken in the follow up review in Quarter 4.</p>

## APPENDIX 2 – FINALISED AUDIT ASSIGNMENTS (18<sup>th</sup> SEPTEMBER 2016 TO 22<sup>nd</sup> NOVEMBER 2016)

<b>CHIEF EXECUTIVE</b>
<b>AUDIT NAME: THEATRES</b>
<b>DATE FINAL REPORT WAS ISSUED: 19/10/2016</b>
<p><b>INTRODUCTION</b></p> <p>The Council operates two theatres within the County Borough - The Coliseum in Aberdare and the Park and Dare in Treorchy. The venues offer a wide range of year-round entertainment including music, dance, comedy, stage productions and the latest feature films. The theatres also support a number of amateur events presented by local arts groups including choirs, community dance and musical theatre.</p>
<p><b>SCOPE &amp; OBJECTIVES</b></p> <p>In accordance with the agreed Internal Audit plan for 2016/17, a review of the Council's theatres was undertaken. The primary purpose of the review was to provide Management with an opinion on the adequacy and effectiveness of the internal control systems operating at the theatres. The specific control objectives were:</p> <ul style="list-style-type: none"> <li>- To follow up the recommendations made in the 2015/16 report; and</li> <li>- To ensure that contracts between both the Theatres and the Artists are adhered to.</li> </ul>
<p><b>AUDIT OPINION</b></p> <p>Overall, the control environment relating to the Theatres is considered to be effective with opportunity for improvement.</p> <p><u>Follow-up: Income</u></p> <p>A Financial Procedures document has now been created and this review recommends additional information is included within the document to help strengthen internal control procedures:</p> <ul style="list-style-type: none"> <li>- The opportunity to include more detail in relation to the invoice authorisation process (i.e. stating who is responsible for checking and authorising invoices prior to payment at both theatres); and</li> <li>- The requirement to document delegated limits of expenditure.</li> </ul> <p>In addition, minor issues were noted in respect of the income control sheets at the Coliseum, for example, minor variances between the cash expected from the till receipts and actual cash received (-£2.28 variance in total) and none of the income sheets examined were signed by the Duty Manager.</p> <p><u>Follow-up: Purchasing</u></p> <p>Significant improvements have been made in terms of the purchasing process. An 'Ordering Goods and Services for RCT Arts Service' document has been devised since the last review. All of the necessary staff have received a copy and have received training. Of the 10 orders examined as a sample across both venues, 1 instance was noted where the order was not raised via E-Procurement. This was an emergency order raised by telephone; however the</p>

corresponding official order was not subsequently raised on the E-Procurement system. Apart from the aforementioned order, the invoices relating to the other 9 orders were all paid in accordance with the required procedure.

Follow-up: Purchase Card

There are 2 purchase cards in use at each of the theatres. Each cardholder now completes a transaction log. Signing in / out sheets are now in use when other members of staff make purchases on the cardholder's behalf and records are held to substantiate expenditure when cash is withdrawn. Receipts were present to support the sample of transactions examined from each Purchase Card (18 in total).

Follow-up: Bars

The audit review identified minor issues in respect of the wastage records at the Coliseum. Whilst they are completed, the entries are not always signed as authorised by the Duty manager. In both venues, there continues to be no evidence to demonstrate that the stock reports received from the external stock taker are reviewed by Management.

Follow-up: Hire of Rooms

Outlook is used to record details of the hires; however the format and extent of the information captured was inconsistent and none of the hires examined detailed any information relating to the payment / billing arrangements or whether income had been requested / received. Although dispensation for billing in arrears for some categories of hire has been sought and obtained, testing identified instances where hires (not considered within the scope of the dispensation) were not paid for in advance as required by the Financial Procedure Rules.

Contracts

A sample of 6 professional shows were examined across both theatres. The Theatre Programme and Audience Development Manager is responsible for arranging professional shows for both venues. The initial contact is usually made via telephone, with dates, times and cost agreed over the phone. Following this, a 'Show Form' is completed to record the details of the performance, the agreed costs and details such as who will be responsible for the sale of tickets, marketing and what technical equipment / support is required. This form is retained at the Theatres for their own record only.

Examination of the Show Forms identified:

- On occasions, some sections are vague e.g. the fields for 'marketing requirements' simply state 'yes'; it is not clear as to who is responsible for promoting the event and the subsequent costs;
- Upon receipt of a contract from the Artist, the details on the contract are compared to the corresponding Show Form. However, no contract was received for 2 of the 6 shows examined and in the absence of a contract being received from the Artist, written confirmation of the details are not issued to the Artist prior to the event. In such cases there is a risk of being invoiced for costs that were not agreed in the first instance; and
- At the conclusion of a show, there is scope on the Show Form to complete a 'Performance Review'. This audit has confirmed that this is not being routinely completed.

Implementation of the recommendations contained within this report will further enhance the levels of internal control at the Theatres.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1  Medium	<p>Income</p> <p>The Theatre Operations And Development Manager has developed a Financial Procedures document since the last review.</p> <p>Whilst the document contains guidance regarding the purchase card, bar / kiosk, stock take, room / venue hire, income and instructions for the Administration Officer, there are still areas of financial control that are not included. This includes for example, the responsibility for authorising invoices, delegated limits (if applicable) (NB. there is a separate ordering goods and services document).</p> <p>During the review, discussions with staff at the theatres identified that they were unaware of the current Financial Procedures document.</p>	<p>The current Financial Procedures document should be enhanced further to include all aspects of Financial Control.</p> <p>The Financial Procedures document should be distributed to all staff to ensure financial procedures are always fully compiled with.</p>
5.1.2  Low	<p>Examination of a sample of income control sheets identified several issues in relation to those held at the Coliseum. In particular:</p> <ul style="list-style-type: none"> <li>• There were on occasions variances between the cash expected from the till receipt and the actual cash received on the day. In such cases no reason was provided / recorded despite there being provision to do so on the income control sheet (minor amounts £1.69 and £0.59).</li> <li>• The income control sheets from 1st July - 8th July 2016 were examined as a sample. They were signed and dated by the Administrative Officer, but not until 11th July. Furthermore, none were signed or dated by a Duty Manager.</li> </ul>	<p>Income control sheets should be completed in full and signed by the cashier and Duty Manager to confirm that the amount recorded agrees to the tills once cashed up. If there is a variance, the reason should be documented where possible and authorised.</p>
5.1.3  Low	<p>During the sample period of July 2016, it was identified that when the Administrative Officer was on annual leave, no income was banked for 10 days.</p> <p>Upon the Administrative Officer's return to work, the income control sheets were verified, an e-return completed and the sum of £755.44 (all cash) was banked.</p> <p>This issue was also identified during the last review.</p>	<p>Management should ensure that there are interim arrangements in place for the verification and banking of income when the Administrative Officer is unavailable for an extended period.</p> <p>As stated in 5.1.1, the Financial Procedures document should be circulated to all staff to ensure that they are aware of the process for</p>



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		verifying and banking income and to ensure continuity during periods of staff absence.
5.1.4  Medium	<p>Purchasing</p> <p>A sample of 10 orders was examined across both Theatres. One instance was identified at the Park and Dare where the order was not raised via E-procurement:</p> <ul style="list-style-type: none"> <li>£191.86. Ordered 19th April 2016. Delivered 21st April 2016. Invoice date 29th April 2016. Invoice paid 3rd May 2016 via batch.</li> </ul> <p>It was established that this was an 'emergency' order raised by telephone; however the corresponding confirmation order was not subsequently raised on E-Procurement.</p>	Telephone orders should be avoided where possible. However, where it is necessary to place an order by telephone, it should be ensured that a confirmation order is raised on E-Procurement immediately after to ensure that the funds are committed.
5.1.5  Medium	<p>Purchase Card</p> <p>A sample of cash withdrawals were examined at both venues and the following issues were noted:</p> <ul style="list-style-type: none"> <li>Park and Dare <ul style="list-style-type: none"> <li>An amount of £30 was withdrawn on 14th April 2016 for 'buy out' for a performance; however no evidence was retained to demonstrate this was the actual amount requested / received.</li> </ul> </li> <li>Coliseum <ul style="list-style-type: none"> <li>An amount of £60 was withdrawn on 11th May 2016 to purchase alcohol for the bar from Tesco; however no receipt was present to support this transaction.</li> </ul> </li> </ul>	Evidence should be retained to support each cash withdrawal to demonstrate that the cash was requested / required and was appropriate.
5.1.6  Low	<p>Bars</p> <p>Wastage records were examined for both Theatres. One issue was identified with the records at the Coliseum, as not all entries were authorised by the Duty manager.</p>	Duty Managers should ensure that all wastage entries are authorised at the end of each shift.
5.1.7	Both Theatres utilise an external stock taker to undertake a six weekly check of stock levels in the kiosk and bar.	Management should ensure that the stock reports produced are

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low	Discussions established that the emailed reports from the stock taker are reviewed but evidence of this review is not currently retained.	reviewed upon receipt and a copy is signed, dated and retained to demonstrate this.
5.1.8 Medium	<p>Hire of Rooms</p> <p>Both theatres hire out the auditoriums to external parties as well as other rooms that are available in both buildings.</p> <p>For the sample of hires examined at both venues, it was noted that there are no formal agreements in place between the theatres and the hirers to confirm and agree the specific details of the hire, whether there are any special requirements e.g. technical staff / technical equipment, the cost of the hire (and potential additional costs for over-runs etc) and the terms and conditions of payment.</p>	Where external parties request to hire any of the facilities that both theatres offer (e.g. auditorium, various rooms) the details of the booking should be formally recorded and include the specifics of the booking (i.e. date, time, any special requirements, the cost of the hire, potential additional costs, the terms and conditions of payment, and should be signed and dated by both parties.
5.1.9 Medium	<p>As stated in the previous audit review, the service received dispensation from the Council's Section 151 Officer to bill some hirers of the auditorium and rooms following their event, where income generated from the event was necessary to fund the cost of hire (such as Schools, voluntary and local organisations and individuals).</p> <p>The following hires were identified which are not considered within the scope of this dispensation and therefore full payment should have been sought in advance of the booking taking place:</p> <ul style="list-style-type: none"> <li>• Park and Dare <ul style="list-style-type: none"> <li>○ Welsh Blood Service 27th July 2016. Sundry Debtor invoice 325661304 was raised on 28th July 2016 for £137.70.</li> <li>○ University of South Wales 27th July 2016. Sundry Debtor invoice 325661342 was raised on 28th July 2016 for £126.00.</li> </ul> </li> </ul>	In order to comply with the Council's Financial Procedure Rules, payment for hires should be requested in advance (unless covered under the scope of an existing dispensation) or the dispensation extended to include the additional hirers.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.10  Low	<p>For those hires that are covered under the dispensation as detailed in 5.1.9, following the show, the Theatre Manager will notify the Hirer of the number of tickets sold and their value in order for the Hirer to send an invoice to the Theatre. Once the Theatre pays the invoice (for the value of the tickets sold), the Theatre Manager then notifies the Performance Improvement Officer of the cost of hire, in order to raise a Sundry Debtors invoice.</p> <p>Of the 4 auditorium hires examined as a sample, 1 occasion was identified at the Coliseum where there was a delay in sending the ticket income details to the Hirer and as a result there was a delay in the Service raising a sundry debtor invoice for the cost of hiring the auditorium (School's music festival, 20th June 2016).</p>	The details of ticket income received should be provided to the hirer immediately after the event to ensure that there is no delay in the process of raising a sundry debtor invoice for the amount due for the cost of hire.
5.1.11  Low	<p>The Theatre Manager at the Coliseum calculates the cost of hiring the auditorium using a spreadsheet (and a series of formulas within the spreadsheet) that takes account of discount where applicable, and specific requirements such as if the hirer requires rehearsal time, additional Technician support or additional seating. When testing the formulas on each workbook (within the spreadsheet), one instance was noted where a formula was incorrect and therefore the amount calculated and invoiced to the Hirer was incorrect: <u>SM 6th &amp; 7th May 2016</u></p> <p>The 'First, second &amp; third performances' line was calculated incorrectly. The total cost of hire on the workbook states £2,568.27 (the sundry debtor invoice raised was also for this amount). However the correct total should have been £2,582.27, a variance of £14.00.</p>	It should be ensured that the formulas used to calculate the cost of hire are correct and that the Managers at both venues are working consistently.
5.2.1  Medium	<p>The Theatre Programme &amp; Audience Development Manager is responsible for booking professional shows / performances for both the Park and Dare and the Coliseum.</p> <p>To book a professional artist, the manager contacts the artist / agent to agree dates and negotiate fees. Once these details have been agreed (usually via telephone), a show form is completed. This details information such as venue, performance date and time, ticket prices including concessions, the deal agreed and any rider / catering requirements along with estimated costs (it was stated that the rider costs can vary, as they are sometimes unaware of a rider until the last minute).</p> <p>Examination of a sample of show forms identified that there are inconsistencies in the level of detail</p>	<p>Show forms should be completed in full and fields such as 'marketing' should state which party is responsible.</p> <p>Where the Artist does not require technical equipment / technical staff / security etc., these should be marked as 'No'.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>recorded and instances where particular fields are not completed at all. Examples include:</p> <ul style="list-style-type: none"> <li>• It was not always clear as to who is responsible for marketing the show, as the field simply states 'yes';</li> <li>• Whilst there are fields to state whether technical equipment / technical staff / security etc., is required, these are rarely completed;</li> <li>• The Show Form also includes a 'performance review'; however these are not completed.</li> </ul>	Performance reviews should be undertaken and documented to ensure that no unsuccessful performances are arranged in future.
5.2.2 High	Examination of a sample of professional shows identified that no contracts were received for 2 shows; therefore there was no formal agreement in place between the Theatres and the Artists confirming essential details such as dates, time, specific requirements and costs.	In all cases there should be a formal agreement, either a contract received from the Artist / Agent, or where no contract is received, the Theatre should issue one to confirm the essential details i.e. dates, times, specific requirements, and costs.
5.2.3 Medium	One specific show at the Coliseum was a co-production with an external organisation. This organisation provided a list of expenses for the production, called a show budget, to be paid by the Coliseum. When comparing the costs detailed on the 'show budget' to the actual costs paid to the external organisation, it was noted that the actual payment was £420 higher than that set out within the show budget.	Whilst it is accepted that show budget costs could change on the day of the performance, the reasons for the variances should be documented and authorised by the Theatre Manager. This could be recorded as part of the Performance Review, as detailed in 5.2.1.
5.2.4 Medium	Complimentary tickets were provided for 5 of the 6 shows examined. Discussions at the time of the review identified that the number of complimentary tickets required is discussed and agreed during the initial contact; however no evidence was located of this being recorded on the show forms or on the contracts received from the Artists.	Where the Artist requests complimentary tickets, it should be ensured that these are recorded on the show form to demonstrate that this was discussed and agreed prior to the event.

<b>COMMUNITY &amp; CHILDREN'S SERVICES</b>
<b>AUDIT NAME: RHONDDA HERITAGE PARK</b>
<b>DATE FINAL REPORT WAS ISSUED: 18/10/2016</b>
<p><b>INTRODUCTION</b></p> <p>Rhondda Heritage Park is a tourist attraction which offers an insight into the life of the coal mining community that existed in the Rhondda until the 1980s. Visitors can experience the life of the coal miners on a guided tour through one of the mine shafts of the Lewis Merthyr colliery. Tours are led by former colliery workers.</p>
<p><b>SCOPE &amp; OBJECTIVES</b></p> <p>In accordance with the agreed Internal Audit Plan for financial year 2016/17 a follow-up review of the Rhondda Heritage Park was undertaken. The primary purpose of the review was to provide Management with an opinion on the adequacy and effectiveness of the internal control systems operating at the Park.</p> <p>The specific control objectives were:</p> <ul style="list-style-type: none"> <li>• To ensure that the recommendations made during the last review have been implemented; and</li> <li>• To ensure that all merchant copies retained and destroyed are in line with the Payment Card policy.</li> </ul>
<p><b>AUDIT OPINION</b></p> <p>This follow up review now concludes that the control environment relating to the Heritage Park is considered to be effective with opportunity for improvement.</p> <p><u>Income</u></p> <p>The Civica Webpay system is now the main income system used at the Park, with the Barclaycard device only used as a contingency when there are issues with Webpay. A sample of income received and banked was examined, and no issues were identified.</p> <p><u>Hire of Rooms &amp; Tours</u></p> <p>The venue / room hire policy has been updated and now includes terms and conditions of hire and VAT details.</p> <p>Examination of a sample of sundry debtor invoices identified that where a group contacts the Park to reserve spaces for a tour, payment is not taken in advance / at the time of the booking. Instead the group is invoiced after the tour takes place. Arrangements are being developed whereby bookings can be made online via the RCT website, where tours will be paid for at the time of booking. Where members of the public telephone to book a tour, the Heritage Park staff will also be able to complete the booking using the online form and take the payment details over the phone. At the time of the audit fieldwork, this development was in the process of being implemented.</p> <p><u>Gallery</u></p> <p>The Park has not displayed any new work on behalf of an Artist since the last audit review. It was recently agreed by Cabinet at the 8th September 2016</p>

meeting, (Agenda item 6) that the Gallery will be altered to exhibit the Rhondda story through exhibition panels and to exhibit previously unseen artefacts, instead of selling work on behalf of Artists.

#### Stock Control

A secure store room has now been identified. Only the Duty Manager has access to the room. Monthly stock checks on a sample of items are now being conducted and recorded. An upgrade has been purchased for the system which allows an automatic synchronisation when there is a reduction or increase in quantity of stock. At the time of the fieldwork for this review, the upgrade was in the process of being implemented.

#### Purchasing

The Finance Officer now updates the budget commitment sheet with order numbers to aid the reconciliation process. There was a lack of evidence on the copy orders examined to demonstrate that they had been checked upon receipt of the goods / services. In addition, the level of detail recorded on each copy order in relation to the payment of the corresponding invoice varies. It was also established that there is no process in place for chasing up pending / long standing orders.

#### Purchase Card

The cardholder records all purchases on the transaction log. There is also a signing in / out record in use when staff other than the cardholder make purchases using the card on behalf of the Park; however this record is signed by the cardholder only.

#### Site Security

There are currently 7 key holders for the Heritage Park, one of which was seconded to another service area earlier in the year. At the time of the audit review, the key allocated to the officer on secondment had not been returned.

#### Payment Card Policy (PCI)

The Payment Card Policy applies to employees and personnel that have access to the Authority's income collection systems and customer cardholder data. It was confirmed during the review that all merchant copies are shredded using a diamond cut shredder and are never scanned, photocopied or emailed. However, merchant copies are currently not stored in a secure location i.e. a locked safe, and are retained for 6 years, not 6 months as specified in the Policy.

Implementation of the recommendations contained within this report will further enhance the levels of internal control at the Heritage Park.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	Income Payment is not requested in advance where bookings are made for tours. Although a member of the public can reserve a space beforehand, no payment is received until they arrive at the park on the day of the tour.	It is acknowledged that by October 2016 a new booking system should be introduced whereby the public will be able to book tours online, via the RCT website, and pay for the tour at the time of booking. (The staff at the park will also complete the online booking form where members of the public phone to book a space). However, in the interim until the new system is in operation, payment should be requested at the time of booking for tours.
5.1.2 Low	Purchasing 10 purchase orders were examined as a sample. There was no evidence on the copy orders to demonstrate that each item was checked upon delivery.	All copy orders should be checked to the delivery notes and items received to ensure that they are in line with the items originally ordered and to identify any outstanding items so they can be followed up with the supplier.  The copy order should also be signed and dated as evidence of when and by whom this check was undertaken.
5.1.3	Inconsistencies were identified in the level of detail recorded on the copy orders in relation to the corresponding invoices, e.g. invoice details, date of payment etc.	Full invoice details should be recorded on each copy order

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low		including the actual invoice number and the date passed for payment.
5.1.4 Medium	At the time of the review there were 8 pending orders, one of which was raised on 7th April 2016. Discussions identified that there is no process for reviewing the status of pending orders.	Pending orders should be reviewed regularly and the details recorded on the copy order. This will allow outstanding orders that are no longer required to be identified at an early stage and corrective action taken, i.e. either release the money back into the budget for other purposes, or allow the goods to be re-ordered with an alternative supplier if they are still required.
5.1.5 Low	Purchase Card On occasions, the Purchase Card is used by a member of staff who is not the named Cardholder in order to make purchases on behalf of the Park. Whilst there is a signing in / out record to document these occurrences, only the Cardholder signs the record.	The signing in / out record should be signed by both the Cardholder and the member of staff who requires the Purchase Card.
5.1.6 Medium	Stock Control Currently there are 7 key holders for the Park, one of which was seconded to another department in March. It was noted that this officer remains in possession of a key.	It should be ensured that the only key-holders are members of staff who are currently working at the Park and require access. As such, the key should be obtained from the officer on secondment immediately. In future, keys should be returned immediately if / when there are staffing changes.



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.1  Medium	<p>Two issues were noted in respect of merchant copies of card payments:</p> <ul style="list-style-type: none"> <li>• Copies are not stored securely; and</li> <li>• Copies are not shredded after 6 months (as required within the Council's Payment Card Policy document), instead they are retained for 6 years.</li> </ul>	<p>All merchant copies should be stored in a secure location, i.e. a locked safe or strong room where access is limited to authorised staff. Merchant copies should only be held for six months. Receipts older than six months should be securely destroyed using a cross cut shredder.</p>

**AUDIT NAME: LEISURE SERVICES****DATE FINAL REPORT WAS ISSUED: 02/11/2016****INTRODUCTION**

The Council provides a wide range of leisure and recreation facilities within its nine leisure establishments. These establishments provide a broad range of indoor activities and courses such as swimming, fitness suites, fitness classes, squash, badminton and 5 a-side football. Some establishments can also provide a venue for social functions such as children's birthday parties and weddings.

**SCOPE & OBJECTIVES**

In accordance with the Internal Audit Plan for financial year 2016/17, a review of the key areas across a sample of six leisure establishments was undertaken. Audit testing was carried out on a sample of transactions made during the financial year 2016/17 to ensure that fundamental controls are present and operating satisfactorily.

The objective of the audit review was to conclude on the adequacy, effectiveness and consistency in the application of the controls and working practices operating within each of the chosen financial systems across the sample of six establishments. The specific control objectives were:

- To ensure that there are adequate systems of control in place for the receipt, recording and banking of all income due to the Council.
- To ensure that all Block Bookings are correctly treated and accounted for.
- To ensure that sundry debtor invoices are raised, monitored correctly and where necessary actively pursued.
- The Purchase Card is being used in accordance with guidance and procedures issued by the Council's Procurement Service.

**AUDIT OPINION**

The control environment relating to leisure establishments is considered to be effective with opportunity for improvement. Each of the 6 establishments visited were found to be effectively managing each of the four areas examined. However this review has identified inconsistencies across the establishments in the application of their processes and also in the format of the documentation used.

Collections & Deposits

All establishments visited were found to manage this process well. All sites visited are using the same pro-formas and documentation.

The main issue identified relates to the retention and destruction of merchant copies of credit and debit card payments. Most staff were unaware of the requirements of the Payment Card Policy with only three of the six sites beginning to put procedures in place to demonstrate compliance.

Block Bookings

Procedures are being applied consistently and are generally operating well.

Issues relating to the evidence provided by clubs to support their VAT exemption were noted and staff at the centres have begun to challenge clubs to provide more suitable/adequate evidence.

There is a need to not only obtain this evidence but to also check expiry dates relating to club memberships to governing bodies or associations and some instances were identified where memberships had expired.

A further requirement is to obtain evidence of clubs' / groups' public liability insurance. In many instances this is included in clubs' membership to their relevant governing body or association. However, it cannot be assumed that it is and therefore the service needs to request evidence of this insurance for all bookings.

#### External Invoices

Sundry debtor invoices are mainly issued by centres for room hire (including facilities such as block bookings as well as "one off" events/room hire). This review has identified the following areas that require improvement:

1. Inconsistencies were noted in the timing of issuing sundry debtor invoices for block bookings.
  - a. On occasions these were either being issued earlier than required (resulting in unnecessary recovery action being instigated by the Sundry Debtor Team) or after the booking period had finished.
2. There are no consistent practices in place across all centres whereby debtor invoice income due is monitored to ensure that invoices have actually been paid - this needs to be evidenced by recording the actual date paid on the invoice 'screen dumps'. Most sites had a small slip on each invoice on which the paid dates are recorded but this was not present at all sites.
3. There are inconsistencies in respect of the payment procedures for "one off" events. While bookings for birthday parties need to be paid in full at the time of booking, payments for other one off activities/events such as a sport tournament can be paid via a sundry debtor invoice after the event has taken place.
4. Delays noted in issuing invoices (both individuals and external bodies) for "one off" bookings resulting in delays in receiving income.

#### Purchase Cards

This area is currently being managed effectively, although the processes are slightly different between the sites. This report recommends a more consistent approach throughout the service in respect of the completion and use of transaction logs.

VAT should also be identified on all purchases whenever possible and a valid VAT invoice should be obtained when making purchases and correctly recorded.

### **SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1  Medium	One of the main risks relating to block bookings is that groups / clubs do not pay their sundry debtor invoices and continue to use facilities even though they have outstanding debts. At some centres the debtors system is checked to determine whether invoices issued have actually been paid although not all centres are undertaking this task. At one centre it was also identified that while a "paid date" is recorded this is the date the invoice was raised and not the date it was actually paid. It was found that most sites have devised a slip which is attached to each sundry debtor invoice on which they manually record the paid date while others are not using the slip but are recording the actual	Staff responsible for issuing sundry debtor invoices should ensure that they regularly interrogate the Debtors system to ensure that groups / clubs are paying their invoices by the expected due dates. The slip which is currently being

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	paid date from the debtors system.	used should be shared across all sites and completed accordingly using the actual date paid and not the invoice date. Management also need to ensure that all sites where groups have failed to pay an invoice by the required dates are refused use of the facilities until such time as any outstanding invoices are fully paid. Where groups persistently fail to pay invoices on time then consideration should be given to withdrawing the option of paying by invoice.
5.1.2 Medium	Local clubs and groups have the ability to apply for VAT exemption on their block bookings. To obtain this they must meet a set of criteria and provide evidence to support their application. One of the key criterion is that they are a member of or are affiliated with a governing body, association or league linked with their sport or activity. It was noted that much of the evidence provided has improved although some omissions were still identified. Another aspect that needs to be monitored is the expiry dates of membership, as most memberships / associations require an annual renewal. Examples were noted where although the type of evidence provided was adequate, the dates of membership had expired and was therefore not valid.	Each site needs to ensure that the evidence provided to them by groups / clubs applying for VAT exemption is adequate i.e. shows membership number and the membership or affiliation is still active.
5.1.3 Medium	All Groups / Clubs who use Council facilities must have public liability insurance. During the course of the review it was identified that many governing bodies / associations provide insurance to groups as part of their membership; however this may not always be the case and it is the	In conjunction with the finding 5.1.2 all sites must now request evidence from groups / clubs of their public liability insurance. This will in many

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	responsibility of the clubs or groups to arrange their own insurance policies.	cases be detailed in the membership certificates or in a separate document if provided by a governing body or association. Where groups have arranged insurance cover themselves then a copy of the certificate of cover should be requested and retained.
5.1.4  Medium	The VAT exemption criteria states that "Additional bookings made by block booking groups outside of the original and agreed dates and times are to be charged at standard VAT rate". However, instances were identified at some sites where clubs have made / requested additional bookings but the club has been charged the VAT exempt rate instead of standard rated cost of the hire. While this is detailed on the VAT Exemption criteria list it could be made more prominent on the document.	Where groups who have been granted VAT exemption on their block bookings make any additional bookings further to those originally requested and agreed, VAT must be charged on those bookings. The VAT Exemption criteria list should be slightly amended and the statement regarding 'additional bookings' made more prominent.
5.2.1  Medium	Leisure facilities have various "one off" bookings ranging from bouncy castle parties to meeting room hire. However, there are currently inconsistencies across the service in respect of how and when payment is requested and made. From a review of a sample of bookings it was identified that birthday parties must be paid in full at the time of booking and this is applied consistently across the sites. However, other bookings by individuals identified inconsistency in respect of payment not being requested at the time of booking and instead a sundry debtor invoice is subsequently issued before or after the booking. There is no apparent reason to follow different payment procedures based on the nature of the room hire.	Management should review the payment process in respect of 'one off' bookings made by individuals. A standardised approach whereby all 'one off' bookings are paid for in full at the time the booking should be adhered to.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.2 Medium	<p>One off bookings by external bodies (e.g. Health Board) are generally issued sundry debtor invoices. However, the following was noted:</p> <ul style="list-style-type: none"> <li>Invoices had been raised after the bookings had taken place (and no dispensation had been requested to operate in this way).</li> </ul>	Where external bodies are issued sundry debtor invoices, staff must ensure that the invoices are issued and paid (where possible) prior to the event taking place.
5.3.1 Medium	<p>Generally across the sites visited the purchase card administration process was adequate; however, audit testing identified variances as detailed below;</p> <ol style="list-style-type: none"> <li>Some sites are completing the transaction logs as and when payments are made, while others are completing it when the account is reconciled.</li> <li>Most sites maintain one continuous transaction log albeit some have split the log into monthly periods.</li> <li>There was often little evidence of the reconciliation process on documentation.</li> </ol>	<p>Management should ensure that all sites follow the prescribed procedures as detailed below;</p> <ol style="list-style-type: none"> <li>Transaction log - this needs to be completed as and when purchases are made and not when the account is reconciled.</li> <li>A copy of the monthly bank statements are printed out and this is used as part of the reconciliation process by comparing the bank statement to the transaction log and to the system. The bank statements should then be signed and dated by the officer undertaking this task as evidence of process.</li> </ol>
5.3.2 Medium	<p>Occasions were identified where supporting documentation i.e. receipts or invoices etc., were not present to support expenditure and no Record of Expenditure Without Receipt pro-forma being used.</p>	<p>Supporting receipts / invoices, must be retained where possible for all purchases and payments made. Where receipts / invoices are not available then the transaction should be recorded on the Record of Expenditure Without a Receipt</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		pro-forma.
5.3.3  Medium	It was noted that VAT on purchases / payments is not always being identified and recorded on the transaction logs (although the VAT has been correctly identified and recorded on the Barclaycard system).	The VAT element on all payments / purchases made should be reflected on the transaction log as well as being identified on the Barclaycard system.
5.4.1  Medium	<p>Staff were generally unaware of the Payment Card Policy document and the requirements of the policy in relation to the retention and subsequent destruction of merchant receipts for credit and debit card payments.</p> <p>In three of the six sites visited, the merchant receipts are attached along with all the other receipts and till readings to the Daily Returns. However, 3 centres have already put in place some measures such as retaining the merchant receipts separately from other receipts either in an envelope or money bag and then stored in a safe.</p> <p>The retention / storage of this documentation varied across the sites visited with some kept on an officer's desk or open shelves and some within locked cabinets. The Payment Card Policy stipulates that receipts are to be retained securely.</p>	<p>All sites need to introduce a process of separating the merchant copies of receipts for credit and debit payments received. The following process is an example of this process;</p> <p>On the completion of the Daily Returns, the receipts should be separated from the other receipts and retained in an envelope which should have the date recorded to allow them to be easily identifiable.</p> <p>These daily envelopes should then be retained in a larger envelope for each week and then these can be retained in the safe or other suitably secure location.</p> <p>The receipts then need to be destroyed by means of a cross cut shredder after no more than 6 months.</p> <p>A copy of the policy document has</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		been sent with a copy of this report.



## EDUCATION & LIFELONG LEARNING

**AUDIT NAME: ABERNANT PRIMARY**

**DATE FINAL REPORT WAS ISSUED: 18/10/2016**

### 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.

Abernant Primary School was last subject to an Internal Audit Review in June 2012 and this is the third cyclical visit made to the school.

### 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 and 2016/17.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meals income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate, reflected in the budget, 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 of the School is considered to be effective with opportunity for improvement.

The School have a Safeguarding and Child Protection policy which is reviewed annually. Testing identified that all staff received the appropriate clearances before commencing duties in their posts and all staff have received Safeguarding and Child Protection training.

Although the School make use of the EVOLVE system to record details of off-site visits, care should be taken to ensure that in accordance with the document 'Planning and Approval Procedures for Educational visits', residential trips are entered onto the EVOLVE system within the correct timescales.

In terms of the School Purchasing system, all purchases are now made using the School Purchase Card. There is a sufficient audit trail in respect of evidence being available that supports expenditure and where the card is shared between staff, a log in the appropriate format is being maintained.

Dinner money is updated to SIMS and banked promptly, and the School manage their arrears in line with the required procedure. Testing identified that free school meals are only provided to those for whom eligibility has been confirmed and retained.

The School is registered with the Information Commissioner and a valid copy of the registration is held at the school. Information held on the system is backed up daily and confidential data is kept securely, passwords are only known to individuals and are changed regularly.

The School Private Fund is administered well, with detailed records that provide an adequate audit trail for all income and expenditure transactions. This report recommends that every effort is made to ensure that all income received in respect of the fund is banked in accordance with the requirements contained within the School Private Fund Regulations.

It was noted that there is presently £600 of budget income held within the School Private Fund account in respect of Sunday School rent. This report recommends that this money is paid over to the budget account as soon as possible.

Finally, a payment was made to an individual recently in respect of music tuition for the academic year commencing 1st September 2016. This type of expenditure does not fall within the scope of the School Private Fund. Additionally, the School did not complete the questionnaire on the HMRC Website to determine whether or not the music tutor was classed as self employed. This report recommends that before the School engages with an entity for the provision of services, the HMRC employment status check should be undertaken for all individuals using the HMRC Employment Status Indicator (ESI) tool. Implementing the recommendations contained in the report will further enhance the current levels of internal control.

#### SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Low	<p>The 'Planning and Approval Procedures for Educational Visits' states that residential visits / adventure activities must be 'planned and approved using the Evolve system at least 28 days before the visit'. Examination of a sample of trips recorded on Evolve identified 2 recent visits to Manor Adventure Park had not been entered onto EVOLVE within the designated 28 day timescale:</p> <ul style="list-style-type: none"> <li>• Date of travel: 25th May 2016 <ul style="list-style-type: none"> <li>○ Entered onto EVOLVE and authorised on 13th May 2016.</li> </ul> </li> <li>• Date of travel: 11th June 2016 <ul style="list-style-type: none"> <li>○ Entered onto EVOLVE and authorised 9th June 2016.</li> </ul> </li> </ul>	Care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct timescales in order for the Outdoor Education Advisor to give the necessary assurance that the provider and trip arrangements are appropriate.
5.2.1 Low	Examination of the School Private Fund Ledger revealed that whilst income and expenditure transactions are recorded (on separate pages), no running balance of the account is maintained.	To ensure that an accurate balance of the School Private Fund is recorded, an additional column

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		should be added to the Ledger to allow a running balance to be maintained following each transaction.
5.2.2  Low	Examination of the School Private Fund income for the current academic year identified a payment of £100.00 had been received from the local church in respect of Sunday School rent.  Further examination of the School Private Fund account identified a further payment of £500 having been received on the 26th September 2014 in respect of Sunday School rent.	In accordance with 18.2 of the School Private Fund Regulations, money received in respect of School Hire that is paid into the School Private Fund should be promptly paid over to the School Budget Account.  The School Budget Account should be reimbursed with the £600 immediately, with details of the transaction clearly recorded on the School Private Fund records.
5.2.3  Low	School Private Fund income is typically being banked on a monthly basis.	As is the process for School Dinner Money, School Private Fund income should be banked weekly to ensure cash held at the school is kept to a minimum.
5.2.4  High	A circular was issued to all schools from the Temporary Director of Education and Lifelong Learning on 17th November 2015 regarding employment status, and how to identify an entity as an employee or self-employed. Following the completion of a questionnaire on the HMRC website, should the entity be regarded as an employee, then the entity should be paid via the Council's payroll system.	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

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>Examination of the School Private Fund expenditure for the last academic year (2015/16) identified 1 payment of £233.00 made on the 5th July 2016 for musical duties for the period September 2016 - July 2017.</p> <p>Although the School had obtained a copy of the DBS certificate in respect of the individual together with a copy of the Combined Liability Insurance and Self Assessment record, an assumption was made by the School that the music tutor was classed as 'self employed'. Hence no HMRC questionnaire was completed and no ESI reference number was obtained.</p> <p>Furthermore, this type of expenditure does not fall within the scope of the School Private Fund regulations.</p>	<p>Employment Status Indicator (ESI) tool.</p> <p>Care should be taken to ensure that this type of expenditure is not incurred by the School Private Fund in future.</p>

**AUDIT NAME: BLAENGWAWR PRIMARY**

**DATE FINAL REPORT WAS ISSUED: 18/10/2016**

**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.

Blaengwawr Primary School was last subject to an Internal Audit Review in July 2012 and this is the third cyclical visit made to the school.

**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 and 2016/17.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meals income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the school are appropriate and reflected in the budget, 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 is restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.
- To ensure that petty cash is held securely, expenditure properly incurred and the account is appropriately monitored and controlled.

**AUDIT OPINION**

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

The School have a Safeguarding and Child Protection Policy, which is reviewed annually. Testing identified that all staff received the appropriate clearances before commencing duties in their posts and all staff have received safeguarding training.

The School uses the EVOLVE system to record details of off-site visits, and in accordance with the document 'Planning and Approval Procedures for Educational visits', residential trips are entered onto the EVOLVE system within the correct timescales.

In terms of the School Purchasing system, purchases are made using SIMS. The commitment to expenditure is authorised by the Headteacher prior to the order being made and there is a sufficient audit trail in respect of evidence being available that supports expenditure.

However, payments are being made to tutors in respect of sports and music tuition. The School did not complete a questionnaire on the HMRC website to determine whether or not the tutors were deemed as 'self employed'. This report recommends that before the School engages with an entity for the provision of services, the HMRC employment status check should be undertaken for all individuals using the HMRC Employment Status Indicator (ESI) tool. Although there had been limited use of the Purchase Card, where it had been used, the transactions were appropriate in nature, recorded on the transaction log and supported by valid receipts / invoices (for the sample examined).

Dinner money is updated on to SIMS and banked promptly, and the School manage their arrears in line with the required procedure. Testing identified that free school meals are only provided to those for whom eligibility has been confirmed and retained.

The School is registered with the Information Commissioner and a valid copy of the registration is held at the School. Information held on the system is backed up daily and confidential data is kept securely, passwords are only known to individuals and are changed regularly. Items of School equipment have been marked up as the property of the School.

The School Private Fund is administered well. A Management Committee has been appointed and positions held relate to duties undertaken. This report recommends that the income record be updated to include the date income is received in order to provide a complete audit trail. This report also recommends that in the event that a receipt to support expenditure cannot be obtained, the 'Record of Expenditure without Receipts Form' should be signed by the member of staff who incurred the expenditure and supported by a second signature as evidence of the amounts involved.

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

#### SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1  High	<p>A circular was issued to all schools from the Temporary Director of Education and Lifelong Learning on 17th November 2015 regarding employment status, and how to identify an entity as an employee or self-employed. Following the completion of a questionnaire on the HMRC website, should the entity be regarded as an employee, then the entity should be paid via the Council's payroll system.</p> <p>Examination of the budget expenditure for the current financial year identified that payments are being made to 2 individuals in respect of Sports Coaching and Curriculum music tuition.</p> <p>Discussions at the School revealed that no HMRC questionnaire was completed prior to appointing the tutors and as such no ESI reference number was obtained.</p>	<p>Before a school engages with an entity for the provision of services, the HMRC employment status check should be undertaken for all individuals using the HMRC Employment Status Indicator (ESI) tool.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.1  Low	Details of all School Private Fund income is recorded in an appropriate ledger book; however, the date the actual income is received is not recorded.	The income record should include details of the date income is collected at the School.
5.2.2  Low	<p>Examination of the expenditure for the 2015/16 academic year identified 3 transactions whereby a receipt to support the expenditure had not been obtained:</p> <ul style="list-style-type: none"> <li>• 16.10.15 - £25.00 - CVFSA</li> <li>• 2.12.15 - £535.20 - Book Fair / Travelling Books</li> <li>• 11.5.16 - £30.00 - Donation to Alzheimers</li> </ul> <p>Although it is accepted that on these 3 occasions a record of expenditure without receipt form had been completed, it was only signed by the School Clerk. The expenditure was not countersigned by a second member of staff.</p>	In the instance that a receipt to support expenditure cannot be obtained, details of the purchase which is recorded on the Record of Expenditure Made Without Receipts Form must be signed by the member of staff who incurred the expenditure and supported by a second signature as evidence of the amounts involved.

**AUDIT NAME: TON INFANTS**

**DATE FINAL REPORT WAS ISSUED: 21/10/2016**

**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.

Ton Pentre Infants was last subject to an Internal Audit Review in September 2012 and this is the third cyclical visit made to the School.

**SCOPE & OBJECTIVES**

The checklist for non-chequebook primary schools comprises of 101 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2016/17.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meals income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

**AUDIT OPINION**

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

Safeguarding

The School has a Child Protection Policy which is reviewed annually and agreed by the Governing Body. Whilst it was evident via certificates that training had been undertaken on an individual and whole school basis, there was no central record detailing staff names, the course name and the date the training took place. All staff at the School received the necessary DBS checks prior to commencing in post; however there was no record at the school of DBS



details.

Testing identified that Evolve has not been used to record and approve educational visits despite the Headteacher being of the understanding that this control was in place. In addition, the responsibility for EVC changed earlier this year; however the Outdoor Education Advisor was not notified.

#### School Private Fund

Whilst an appropriate Management Committee has been established and the 2014/15 Summary of Accounts and Annual Certificate were prepared, a copy of the Annual Certificate was not retained at the School.

No issues were identified when examining the income received and banked during the sample period of June 2016. Whilst there is evidence to demonstrate that the bank statements are reconciled, they are not signed and dated to confirm when and by whom the reconciliation exercise was undertaken.

A sample of 14 purchases from the School Private Fund were examined. There were no receipts to support 9 of the purchases (with a total value of £3,321.95), therefore it could not be verified whether these purchases were in line with the School Private Fund Regulations. In addition, no 'Record of Expenditure Without Receipt' form was in use. At present there are only 2 cheque signatures, both of which are required to sign to authorise a cheque. The School Clerk is in discussions with the Bank to add a third signatory.

#### Purchase Card

There are 2 Purchase Cards in use at the school. Transactions from both cards are recorded on an appropriate log. All transactions examined as a sample were appropriate and the corresponding receipts were located. Both cards are held in the cardholders' purses, rather than in a secure place as recommended. The cards are also used by other staff on occasions to make purchases on behalf of the School; however these instances are not documented on a signing in / out record.

#### Collections & Deposits / School Meals

A sample of 4 weeks income was examined. All records corresponded and the income is banked immediately. However it was identified that there is no independent review of the school meals income records. The cash in hand is held securely with limited access. The School Clerk and Cook undertake weekly checks to ensure that the actual meals served agree to the original number of meals ordered.

The School Clerk has a process in place for pursuing school meals arrears and there are no arrears at present over the 10 day (£24) limit. Free school meal authorisations could only be located for 15 of the 20 pupils examined.

#### Data Security & Inventory

The School is registered with the Information Commissioner (expiry 25th April 2017). Back-ups are undertaken by the Council's I.T Service. I.T equipment has not been marked as property of the School. Class inventories should be maintained and updated by the class teachers; however there is no process in place to ensure that this happens in practice. As a result, assurance could not be given as to whether the School's inventory is up to date.

#### Purchasing

The 2016 checklist indicates that all key controls in relation to the Purchasing system have been met and evidence retained. Implementing the recommendations in the report will improve the current levels of internal control.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should....ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'</i></p> <p>Whilst it was evident via certificates that training has been undertaken on an individual and whole school basis, there was no central record detailing staff names, the course name and the date the training took place.</p>	<p>The School should develop a central training record, to demonstrate the date and level of attainment alongside individual staff names.</p> <p>This could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.</p>
5.1.2 Low	<p>Whilst all staff at the School received the necessary DBS checks prior to commencing in post, there was no record at School of DBS details for all members of staff.</p>	<p>The School should obtain a record from the Vision team of all staff DBS details and update / amend this record as and when necessary.</p>
5.1.3 Medium	<p>No educational visits have been recorded and approved on Evolve, despite the previous EVC receiving training in April 2014 and December 2015.</p> <p>It was also identified that the Outdoor Education Advisor has not been informed of the recent change in EVC.</p>	<p>All educational visits should be appropriately recorded and approved on Evolve.</p> <p>The Headteacher should liaise with the Outdoor Education Advisor to ensure that the current EVC receives the necessary training.</p> <p>Should the responsibility of the EVC change in future, the Outdoor Education Advisor should be notified immediately.</p>
5.2.1	<p>Point 15.1 of the School Private Fund Regulations states:</p> <p><i>'An Annual Certificate and Summary of Accounts is to be returned to the Education Finance Team by</i></p>	<p>At the conclusion of each academic year, the School Private Fund</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low	<p><i>31st December each year'.</i></p> <p>Whilst the 2014 / 2015 accounts were audited and a Summary of Accounts and Annual Certificate prepared, a copy of the Annual Certificate was not retained at the School. Therefore, the School could not demonstrate whether the Annual Certificate was approved by the Management Committee and Auditors, or whether the documents were sent to Education Finance.</p>	accounts should be audited and a Summary of Accounts and Annual Certificate completed and returned to Education Finance by 31st December. (Refer to point 15 of the School Private Fund Regulations for full details).
5.2.2 Low	Whilst the School Clerk undertakes reconciliation on a monthly basis upon receipt of the bank statement, neither the bank statement nor the reconciliation sheet is signed or dated.	The bank statements should be signed and dated by the school clerk when undertaking the reconciliation process.
5.2.3 Low	There are only 2 cheque signatories at present both of whom need to sign to authorise a cheque. It is acknowledged that the School Clerk is in discussions with the Bank to add a third signatory, however this is ongoing.	The school clerk should continue to liaise with the Bank to add a third cheque signatory so that cheques can always be authorised and issued promptly (in the absence of one signatory).
5.2.4 High	<p>Point 5.1 of the School Private Fund Regulations states:</p> <p><i>'All items of expenditure must be supported by a relevant receipt / invoice / voucher, as proof of payment. Where, due to exceptional circumstances, it is accepted that such documents cannot reasonably be provided; the Treasurer must record the details of the purchase on a Record of Expenditure Made Without Receipts Form, which must be signed by the member of staff who incurred the expenditure (N.B. This should be avoided wherever possible).'</i></p> <p>14 purchases were examined as a sample. No receipts were located to support the following 9 purchases (totalling £3,321.95):</p> <ul style="list-style-type: none"> <li>• 15.6.16 - cheque no 557 - £40.00 sports</li> <li>• 22.6.16 - cheque no 558 - £166.20 insurance reimbursement to budget account.</li> <li>• 30.6.16 - cheque no 559 - £305.00 book fair</li> </ul>	<p>All items of expenditure should be supported by a relevant receipt / invoice / voucher as proof of payment.</p> <p>Where this is not possible, a record of expenditure without receipt form (Appendix 8 of the School Private fund Regulations) should be completed and signed.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<ul style="list-style-type: none"> <li>5.7.16 - cheque no 561 - £1,134.90 Football First</li> <li>5.7.16 - cheque no 562 - £40 disco</li> <li>11.7.16 - cheque no 564 - £1,325 coaches</li> <li>19.7.16 - cheque no 566 - £240.85</li> <li>20.7.16 - cheque no 568 - £40 disco</li> <li>20.7.16 - cheque no 569 - £30 prizes</li> </ul> <p>In addition, no record of expenditure without receipt form was in use.</p>	
5.3.1 Medium	<p>Point 3.3 of the Cardholder Manual states: <i>'It is recommended that cards be retained in a secure environment (e.g. lockable drawer) until required for use by the cardholder'</i></p> <p>Discussions at the time of the review identified that both Cardholders store purchase cards in their purses.</p>	When not in use the purchase cards should be held securely at the School, e.g. in a locked safe.
5.3.2 Medium	<p>Point 3.3 of the Cardholder manual states: <i>'The card can be used by other authorised staff but only after signing the appropriate log sheet provided to record such use'.</i></p> <p>The purchase card is used by other staff at the school; however details are not logged.</p>	When the purchase card is used by other authorised staff at the school, it should be logged on a signing in / out sheet, a copy of which can be obtained from the Procurement / Purchase Card Team.
5.4.1 Medium	The school meals income records are not independently reviewed.	A person independent of the process of recording and banking income should regularly review the records (i.e. subsidiary records, Bank Paying in Books) to ensure the amounts recorded as received have been subsequently banked.
5.4.2	For the sample period of June 2016, testing identified one instance where an adult meal was incorrectly banked as a pupil meal (£2.70 on 15th June 2016).	It should be ensured that all adult and pupil meals are banked

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low		correctly to enable VAT to be accurately accounted for.
5.4.3 Medium	<p>Of the 20 free school meals pupils selected as a sample from SIMS, no authorisations were present at the school for 5.</p> <p>Of the 5 where no authorisation was present:</p> <ul style="list-style-type: none"> <li>• 1 was an error on SIMS, which was rectified by the School Clerk at the time of the review;</li> <li>• 3 were either new to the school or newly eligible for free school meals and the School Clerk was awaiting confirmation; and</li> <li>• 1 was an error on behalf of the Benefits Team, who confirmed at the time of the audit that the pupil is eligible and will be included on the next list that will be distributed to the school.</li> </ul>	Free school meals should only be provided to pupils for which there is written confirmation at the School confirming their eligibility.
5.5.1 Low	Discussions with the School Clerk identified that equipment has not been marked as the property of the School.	All equipment should be marked as the property of the School. This could be achieved by using, for example, an indelible pen.
5.5.2 Low	Discussions at the time of the review identified that each Teacher is responsible for maintaining their own class inventories. However, there are no process in place to ensure that the inventories are actually kept up to date in practice.	A full inventory review should be completed as soon as possible. Thereafter, the inventory should be updated as and when necessary i.e. receipt / disposal of items.

**AUDIT NAME: TONYPANDY COMMUNITY COLLEGE**

**DATE FINAL REPORT WAS ISSUED: 18/10/2016**

**INTRODUCTION**

Tonypandy Community College is a mixed 11 - 18 community school serving the town of Tonypandy and its surrounding area. There are 700 pupils on roll, of which 143 are in the sixth form.

The proportion of pupils entitled to free school meals currently stands at 25.67%.

The total budget for the College in financial year 2016/17 is in excess of £3.8m.

Tonypandy Community College was last subject to a routine Audit review in January 2013, which was subsequently followed up during November 2013.

**SCOPE & OBJECTIVES**

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

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

- Governance;
- Safeguarding;
- School Private Fund;  
Budgetary Control; and
- Equipment and Data Security.

**AUDIT OPINION**

Overall, the control environment in relation to the College's financial systems and governance arrangements is considered to be effective with opportunity for improvement.

Governance

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body meetings are clerked externally with the fieldwork for this review confirming agendas, minutes and papers of the Governing Body are held by the Clerk to the Governors, at this individual's home address. This report recommends that this practice ceases, with all relevant information being retained at the College premises.

All statutory policies are present and although there is a policy review process in place at the College, evidence to confirm Governing Body approval of the Race Equality Policy and the Anti Bullying Policy could not be provided. In accordance with the system intended by the College, both policies should be reviewed and updated where necessary and presented to the Governing Body for endorsement.

Safeguarding

Good practice is noted in that the College has all relevant Safeguarding Policies in place and audit testing has confirmed that no staff commenced employment at the College prior to the completion of necessary pre-employment checks.

Details of all Child Protection training undertaken by staff is maintained on a training record held by the College's nominated Child Protection Officer. No training gaps were identified.

Whilst school trips are entered onto EVOLVE, routine off-site visits such as sporting fixtures are not. In addition to manual risk assessments, EVOLVE should be used to document all off-site visits, including those in relation to sporting fixtures and tournaments.

#### Budgetary Control & Monitoring

Confirmation that the College's budget for 2016/17 was reported to and ratified by the Full Governing Body could not be evidenced during the fieldwork for this review. In accordance with section 2.3 of the LAF Guidelines and the Scheme for Financing Schools, it should be ensured that the 2016/17 budget is reported to the Governing Body in accordance with the deadline specified.

Furthermore, although it was evident that budgetary reports are being provided to the Finance Sub Committee and Full Governing Body each Term, the information reported is not retained; therefore it is not possible to confirm that the figures provided to the Governing Body are substantiated / match the data from within the SIMS system.

It was also established that a record of virements made between budgets on SIMS is not routinely maintained; this report recommends that a Virement Authorisation Form be introduced to record details of all adjustments made to the budget along with detailed reasons and that these be recorded on a central record.

Audit testing identified no evidence that the required HMRC questionnaire was completed in respect of a singing tutor.

#### School Private Fund

Overall, the School Private Fund is administered well, with detailed records that provide an adequate audit trail for income and expenditure transactions. The School Private Fund Ledger is maintained in an excel format; it is recommended that a copy of the ledger be printed off and retained on file for each monthly reconciliation.

A review of the completed New York trip identified a surplus balance of £1,149.00 as a result of a refund of the cost of the bus. In accordance with the School Private Fund Regulations, a refund to each paying pupil should be made as soon as possible.

#### Equipment & Data Security

The College is registered with the Information Commissioner and a valid copy of the registration is held at the College. Information held on the system is backed up daily and confidential data is held securely. There are systems in place to protect against computer viruses.

The implementation of the recommendations made within this report will enable the Acting Headteacher to further enhance the standard of internal control at the College.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Low	<p>The keeping of minutes and papers is prescribed in regulations 47 and 48 of The Government of Maintained Schools (Wales) Regulations 2005. These state that <i>'the governing body must, as soon as reasonably practicable, make available for inspection at the school by any interested person, a copy of (a) the agenda for every meeting; (b) the signed minutes of every such meeting, (c) any report or other paper considered at any such meeting; and (d) the draft minutes of any meeting, if they have been approved by the person acting as chairman of that meeting'</i>.</p> <p>Staff at the College confirmed that, typically, agendas, minutes and papers of the Governing Body are held by the Clerk to the Governors, at this individual's home address.</p>	<p>In order to ensure that all correspondence in respect of the College's Governing Body activities can be provided if requested, agendas, minutes and papers of the Governing Body should be held at the College rather than the home of the Clerk to Governors.</p> <p>Therefore, arrangements should be made immediately to ensure that all agendas, minutes and papers of the Governing Body are removed from the home of the Clerk to the Governing Body and relocated to the College.</p>
5.1.2 Low	<p>The membership of governing bodies is set out in chapter 3 of The Government of Maintained Schools (Wales) Regulations 2005, which specifies that the composition of the Governing Body should consist of 6 Parent Governors and 5 LEA Governors.</p> <p>Examination of the Governing Body structure revealed that there is currently 1 Parent Governor vacancy and 1 LEA Governor vacancy.</p>	<p>The College should endeavour to fill the 2 Governor vacancies as soon as possible.</p>
5.1.3 Low	<p>Although there is a policy review process in place at the College, the Race Equality Policy has not been reviewed for some time.</p> <p>Although the Anti Bullying Policy showed evidence of a review in September 2015 and by the NASUWT in November 2015, no evidence could be found that it had subsequently been presented to the Governing Body for endorsement.</p>	<p>In line with the planned School policy review, both policies listed should be reviewed and updated where necessary and presented to the Governing Body.</p> <p>Endorsement of the policies should be minuted as confirmation of this</p>



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		process.
5.2.1 Low	Although the document 'Planning and Approval Procedures for Educational Visits' states that schools can determine their own planning and approval requirements for school trips, it also states that schools are strongly advised to use the EVOLVE system. Whilst school trips are entered onto EVOLVE, routine off-site visits such as sporting fixtures are not.	Whilst it is acknowledged that the guidance 'strongly advises' schools to update EVOLVE in order to provide a full and robust audit trail in addition to manual risk assessments, EVOLVE should be used to document all off-site visits, including those relating to sporting fixtures/tournaments.
5.3.1 Medium	Section 2.3 of the LAF Guidelines, Scheme for financing schools, state that: <i>'each school is required to submit budget plans showing its intentions for expenditure in the current financial year and the assumptions underpinning the budget plan. The first formal budget plan of each financial year must be approved by the governing body. Schools should submit their formal budget plan showing intended expenditure in the current financial year by no later than 31st May'</i> , A draft budget for 2016/17 was prepared and presented to the Finance Sub Committee during May 2016. Following that Committee, amendments were required. At the time of the audit fieldwork, the revised final budget had not been presented to the Full Governing Body.	A report containing details of the final budget for 2016/17 should be prepared and submitted to a meeting of the full Governing Body at the next meeting.
5.3.2 Medium	A record of virements made between budgets on SIMS is not routinely maintained.	A Virement Authorisation Form should be introduced to record details of all alterations made to the budget and detailing the reason. The Virement Form should be signed by the Headteacher to demonstrate authorisation; this can then be used to populate a central record that provides an audit trail to

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		evidence all variations from the agreed budget.
5.3.3 Medium	<p>Budget information is currently provided to the Governing Body in the form of detailed spreadsheets. At the time of the fieldwork for this review, SIMS exports were not retained to support the figures reported within the spreadsheets. In addition to this, not all spreadsheets reported to governors at specific meetings were retained.</p> <p>It is acknowledged that the new School Bursar intends to use a standard SIMS report in place of the suite of standalone spreadsheets currently utilised and is in the process of liaising with the SIMS Department to establish the required template.</p>	<p>Care should be taken to ensure that all information presented to the Governing Body is retained and clearly referenced to the Governing Body minutes.</p> <p>The College is reminded that as SIMS is the College's prime accounting system and contains up to date budgetary information, all financial information reported to the Governing Body should be produced directly from the system and presented in this style.</p> <p>However, should the Governing Body require the format of the information provided to remain unchanged, the information initially obtained from SIMS should be made available to the Governing Body and retained to support the content of the reports.</p>
5.3.4 Medium	The records relating to 3 budgets were selected for examination. Although present on each file were letters containing notification of the budget together with an instruction that they should be monitoring their expenditure, no recent SIMS budget reports were present on file, indicating that budget monitoring reports are either not routinely issued to departments or they are not being retained by departments.	Budget monitoring reports should be provided to all budget holders regularly i.e. monthly, in order for them to monitor their budgetary

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		<p>allocations and reconcile them against any other records held in a timely way. .</p> <p>Good practice would be for the school bursar or a senior member of staff to ensure that the reports are appropriately signed, dated and returned to a designated officer on a timely basis to demonstrate that departmental reconciliations have taken place.</p>
5.3.5  High	<p>A circular was issued to all schools from the Temporary Director of Education and Lifelong Learning on 17th November 2015 regarding employment status, and how to identify an entity as an employee or self-employed. Following the completion of a questionnaire on the HMRC website, should the entity be regarded as an employee then the entity should be paid via the Council's payroll system.</p> <p>Testing at the College identified no evidence that the HMRC questionnaire was completed in respect of a singing. .</p>	<p>Before the College engages with an entity for the provision of services, the HMRC employment status check should be undertaken for all individuals using the HMRC Employment Status Indicator (ESI) tool.</p>
5.4.1  Low	<p>Although it is acceptable to have the private fund ledger in electronic format there are certain requirements that must be considered.</p> <p>One of them is to print out copies of the ledger when the account is reconciled on a monthly basis. This can be aided by giving each monthly period a separate tab on the spreadsheet reducing the amount to print out.</p> <p>The copy of the ledger can be used and retained with the bank statements for each monthly period.</p>	<p>The Fund Treasurer should consider adjusting the fund ledger so that each monthly period has its own tab which can be completed and then printed out to be used as part of the reconciliation process to the Private Fund Bank Statements.</p> <p>A copy of the School Fund ledger should be printed off and retained</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		on file for each monthly reconciliation. This should be signed and dated by the Treasurer. Where amendments are made to the ledger, a clear audit trail must be maintained.
5.4.2 Low	Examination of the records maintained in respect of the New York trip cash float identified payments being made that were not supported by receipts. Staff at the College indicated that these payments were in respect of tips being paid. These payments were not agreed in advance with parents.	The College must develop a protocol for the payment of gratuities which must be shared with staff and parents prior to the trip taking place. (i.e. at the planning / booking stage.) It should also be ensured that a formal record of all gratuities paid is maintained.
5.4.4 High	Section 9.2B of the School Private Fund Regulations states that 'Trips must not be run as profit making ventures. However, where a trip has been operated and makes a profit, the balance must either:- <ul style="list-style-type: none"> <li>• be divided equally and paid back to each paying pupil; or</li> <li>• be retained by the Private Fund, providing that consent of the parents has been given'.</li> </ul> Examination of the Statement of Account for the Drama & Performing Arts trip to New York in October 2015 identified a surplus balance of £1,149.00 as a result of a refund of the cost of the bus. The surplus has not been divided equally and paid back to each paying pupil.	The records available for the New York trip should be subject to review to ensure that all income and expenditure has been properly accounted for. If the surplus is confirmed, then action should be taken as per the regulations outlined and in this instance, a refund to each paying pupil should be made as soon as possible.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.5.1  Low	ICT equipment is not marked as the property of the College.	All ICT equipment should be marked as the property of the College.

**AUDIT NAME: TONYREFAIL PRIMARY**

**DATE FINAL REPORT WAS ISSUED: 17/11/2016**

**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.

Tonyrefail Primary School was last subject to an Internal Audit Review in October 2011 and this was the third cyclical visit made to the school under the self evaluation process.

**SCOPE & OBJECTIVES**

The checklist for chequebook primary schools comprises of 155 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2016/17.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meals income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the school are appropriate to and reflected in the budget, 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 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 Tonyrefail Primary School is considered to be effective with opportunity for improvement.

Safeguarding

The School has a Child Protection Policy which is reviewed annually. Whilst there is an attendance list at the School to demonstrate which members of staff were present for the Safeguarding training on 26th June 2016, it was identified that 13 members of staff (including cleaners and caretakers) were not in attendance. There is a record of staff DBS details at the School and each member of staff received the required pre-employment checks prior to commencing in post. All educational visits are planned and approved using Evolve.

#### School Private Fund

The Annual Certificate and Summary of Accounts are prepared, audited and provided to Education Finance annually. However on the last Annual Certificate completed (for 2014/15), the Deputy Headteacher was named as Treasurer of the Fund, not the School Clerk who fulfils the duties of the Treasurer in practice.

All income received during the sample period of June and July 2016 was appropriately recorded, banked and reconciled. 14 purchases were also examined, all of which were in line with the regulations and the corresponding receipts / invoices were present for each. There are 3 cheque signatories for the account; however one of the signatories is also an Auditor, which is not permitted (as detailed in the regulations).

#### Purchase Card

There is an up to date transaction log at the School to record all purchases made using the card. Whilst there was evidence on the bank statements of reconciliation on a monthly basis, there was no evidence on the transaction log. Receipts / confirmation were present for each of the 21 transactions examined. The Headteacher is the sole user of the purchase card. SIMS cashbook journals are undertaken monthly; however the School Clerk has only recently started retaining the SIMS journal report which substantiates the journal. No cash is withdrawn.

#### School Meals

At the time of the review there was £89.95 unbanked dinner money at the School which agreed to the dinner money records. During the sample period of June 2016, some discrepancies were identified in banking school meal income: £454.65 pupil meal income was banked as staff meals (and therefore treated as VAT applicable), an additional £219.80 pupil meal income was banked as staff meals, and £93.05 staff meals was banked into the School Private Fund. It was also noted that there is currently no independent review of the process.

There were no delays in banking school meal income; the School Clerk banks twice a week. The School Clerk and Cook check daily whether the number of meals ordered agrees to the actual number of meals served. There are appropriate processes in place to pursue school meal arrears. A sample of 20 free school meals pupils were selected from SIMS and authorisations were present for each.

#### Purchasing

6 purchase orders were examined as a sample. All were raised in advance and appropriately authorised. There was clear evidence on the copy orders, delivery notes and invoices to demonstrate that items had been checked, and the invoices were approved for payment by the Headteacher. The School currently has one lease for the photocopier; however approval was not obtained from Education Finance prior to entering into the lease.

#### Budgetary Control

The 2016/17 budget agreed by Governors corresponded to the budget fixed on SIMS. All virements made are approved by the Chair of Governors. The Headteacher and School Clerk review the budget on a monthly basis using reports from SIMS. For the sample of income examined, 1 instance was identified where there was a delay in banking a cheque for £504. The bank reconciliation exercise is undertaken monthly by the School Clerk and Headteacher. Whilst the bank reconciliation statements are signed by both, the bank statements are not.

Data Security

The School is registered with the Information Commissioner's Office. A certificate is held at the School which expires on 13th June 2017. Back ups are undertaken daily by the Council's I.T Service. Equipment has not been marked as the property of the School. There is no log to document the details of the equipment being taken off site and subsequently being returned.

Implementing the recommendations in the report will improve the current levels of internal control at Tonyrefail Primary School.

**SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1  Medium	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should...ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'.</i></p> <p>No central training record is in place at the School. The School received level 1 training on 26th June 2016 and there is a certificate present for the whole school and an attendance list attached. However, comparison of the attendance list and the list of staff obtained from Vision identified that 13 out of 39 members of staff were not in attendance (including cleaners and caretakers).</p> <p>It is acknowledged that the Headteacher has been making enquiries at other schools to establish whether these members of staff can attend training elsewhere.</p>	<p>The School should develop a central training record to demonstrate the date and level of attainment alongside individual staff names.</p> <p>This could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.</p> <p>The members of staff who were not in attendance should attend the next available session.</p>
5.2.1  Low	<p>The Deputy Headteacher is appointed to the role of Treasurer although all duties associated with this post are carried out by the School Clerk.</p>	<p>The School Clerk should be named as the Treasurer of the account as this officer fulfils all duties outlined on Appendix 2 of the School Private Fund Regulations. (Refer to the Regulations for full details).</p>
5.2.2	<p>Point 2.2 of the School Private Fund Regulations states:</p>	<p>Both Auditors should be fully independent of the day to day</p>



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Medium	<p><i>'Two auditors must be appointed to audit the accounts...they must not hold one of the aforementioned posts, i.e. Chairperson, Treasurer, Secretary or be a Cheque Signatory'.</i></p> <p>Discussions at the time of the review identified that one of the Auditors is also a cheque signatory.</p>	running of the account. Therefore the School should appoint a new Auditor who is not a part of the Management Committee or a cheque signatory.
5.3.1 Low	<p>Point 7 of the Cardholder Manual states:</p> <p><i>'All transactions should be reconciled making cross reference to the individual Cardholder's Transaction Log for verification.'</i></p> <p>Whilst there was an up to date transaction log at the School, there was no evidence on the transaction log to demonstrate that it had been reconciled to the bank statements.</p>	Both the transaction log and bank statements should demonstrate evidence of reconciliation.
5.3.2 Low	<p>Whilst cashbook journals are undertaken on a monthly basis, the School Clerk has only recently started to print the corresponding 'Journal Definition Report' from SIMS.</p>	When undertaking a cashbook journal, the School Clerk should continue to print and retain the Journal Definition Report from SIMS as backing information for the transaction.
5.4.1 Medium	<p>Examination of the school meal income records identified that they are not independently reviewed.</p>	A person independent of the process of recording and banking income should regularly review the records (i.e. subsidiary records, Bank Paying in Books) and certify that the amount recorded as collected has been subsequently banked.
5.4.2 Medium	<p>School meal income received and banked during June 2016 was examined as a sample. The following issues were identified with 2 bankings:</p> <ul style="list-style-type: none"> <li>14th June - £454.65 pupil meal income (including £12 cheque) was banked as staff meal</li> </ul>	Care should be taken to ensure that school meal income is banked and coded correctly.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>income; and</p> <ul style="list-style-type: none"> <li>17th June - £203 pupil cash and £16.80 pupil cheque banked as staff meals income. £93.05 staff meals income banked into School Private Fund.</li> </ul>	<p>The School should arrange for the necessary adjustments to be made to ensure that the income sums are recorded under the correct code(s).</p> <p>In addition, the £93.05 banked to the School Private Fund in error should be corrected.</p>
5.5.1 Low	The School has one lease at present for a photocopier. Discussions at the time of the review confirmed that Education Finance was not contacted prior to entering into this agreement.	It is acknowledged that due to the impending amalgamation with Tonyrefail Comprehensive School that the Headteacher does not intend on entering into any further leases. However, should the amalgamation take longer than anticipated and the School does renew / enter into new leases, it should be ensured that prior authorisation is gained from Education Finance.
5.6.1 Medium	<p>Examination of a sample of income received and banked during June 2016 identified 1 instance where there was a delay between the date the income was received to the date it was banked:</p> <ul style="list-style-type: none"> <li>Insurance cheque for £504.00. <ul style="list-style-type: none"> <li>The remittance advice was dated 18th May 2016.</li> <li>The SIMS receipt was produced on 20th June 2016.</li> <li>The cheque was banked on 27th June 2016.</li> </ul> </li> </ul>	Income received should be recorded on SIMS upon receipt and banked without delay.
5.6.2	The School Clerk and the Headteacher are responsible for undertaking the Bank Reconciliation exercise.	On completion of each

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Low	Whilst the Bank Reconciliation statements are signed and dated by both members of staff, the Bank Statements are not.	reconciliation, the Bank Reconciliation statement together with the Bank Statements should be signed and dated by both the Headteacher and the School Clerk as confirmation that both members of staff have carried out the exercise.
5.7.1 Low	There is no log to document the details of School equipment leaving the premises or being returned.	Where School equipment is taken off site, a record should be maintained containing the date of removal, item of equipment, serial number, name of the person removing it and the date it was returned.
5.7.2 Low	Discussions at the time of the review identified that IT equipment is not marked as the property of the School.	Equipment should be asset registered and adequately marked for security purposes.

**AUDIT NAME: YGG BRONLLWYN**

**DATE FINAL REPORT WAS ISSUED: 18/10/2016**

**INTRODUCTION**

The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements.

The process requires primary schools to complete a self-evaluation checklist against expected controls.

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

**SCOPE & OBJECTIVES**

The checklist for non-chequebook primary schools comprises of 101 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial year 2016/17.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by Procurement.
- To ensure that all school meal income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

**AUDIT OPINION**

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

The School has a Safeguarding and Child Protection Policy which is reviewed annually. Testing identified that all staff received the appropriate clearances before commencing duties in their posts.

Details of child protection training undertaken by staff is maintained on a training record held at the School; upon review of the record it was identified that 9

members of staff have not received the relevant training. This report recommends that all 9 staff receive safeguarding and child protection training as soon as possible.

The School uses the EVOLVE system to record details of off-site visits and in accordance with the document 'Planning and Approval Procedures for Educational visits', residential trips are entered onto the EVOLVE system within the correct timescales.

Dinner money is updated on to SIMS and banked promptly and the School manage their arrears in line with the Catering Finance School Meal Protocol.

Testing identified that free school meals are only provided to those for whom eligibility has been confirmed and retained.

The School is registered with the Information Commissioner and a valid copy of the registration is held at the School. Information held on the system is backed-up daily and confidential data is held securely.

The majority of school purchases are now made using the Purchase Card. Audit testing confirmed that there is a sufficient audit trail in respect of evidence being retained to support expenditure and where the card is shared between staff, a log in the appropriate format is being maintained.

The School Private Fund is administered well with detailed records that provide an adequate audit trail for all income and expenditure transactions. The account is subject to regular reconciliation. Implementing the recommendations contained in the report will further enhance the current levels of internal control.

#### 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 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> Although details of all child protection training undertaken by School staff is maintained on a record held at the School, examination of the record identified that 9 members of staff had yet to receive any child protection training.	As a minimum, Level 1 safeguarding training should be arranged for all 9 members staff as soon as possible.
5.1.2  Low	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. It was noted that there are 3 staff included on the School list that are no longer employed at the School. Additionally, the list does also not include 3 staff who have recently commenced employment at the School.	The School must ensure that where staff, permanent or casual, commence / terminate employment with the School, the school list is updated to reflect this.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.2.1  Low	Observations made during the audit visit identified that IT equipment is not marked up as the property of the School.	Equipment should be asset registered and adequately marked for security purposes.

**AUDIT NAME: YGG CASTELLAU**

**DATE FINAL REPORT WAS ISSUED: 19/10/2016**

**INTRODUCTION**

The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements.

The process requires primary schools to complete a self-evaluation checklist against expected controls.

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

**SCOPE & OBJECTIVES**

The checklist for non-chequebook primary schools comprises of 101 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial years 2015/16 and 2016/17.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

**AUDIT OPINION**

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

The School has a Safeguarding and Child Protection Policy which is reviewed annually. Testing identified that all staff received the appropriate clearances before commencing duties in their posts.

Details of child protection training undertaken by staff is maintained on a training record held at the School. Upon review of the record it was identified that

14 members of staff have not received the relevant training. This report recommends all 14 members of staff receive safeguarding and child protection training as soon as possible.

The School make use of the EVOLVE system to record details of off-site visits.

In terms of the School Purchasing system, all purchases are made using the School's Purchase Card. Audit testing confirmed that there is a sufficient audit trail in respect of evidence being retained to support expenditure.

Dinner money is updated to SIMS and banked promptly and the School manage their arrears in line with the Catering Finance School Meal Protocol. Testing identified that free school meals are only provided to those for whom eligibility has been confirmed and retained.

The School is registered with the Information Commissioner and a valid copy of the registration is held at the School. Information held on the system is backed-up daily and confidential data is held securely.

The School Private Fund has detailed records that provide an adequate audit trail for all income and expenditure transactions. This report recommends that the income record be updated to include the date income is received in order to complete the audit trail of income.

Some items of expenditure from the private fund were deemed as inappropriate and would be more appropriately financed from the budget account in future.

Finally, payments are being made to individuals in respect of sports coaching and judo lessons. Although it is accepted that income is being collected from pupils to subsidise payment to the tutors, this type of expenditure does not fall within the scope of the School Private Fund. Additionally, the School did not complete the questionnaire on the HMRC website to determine whether or not the tutors were classed as employed or self employed. This report recommends that before the School engages with an entity for the provision of services, the HMRC employment status check should be undertaken for all individuals using the HMRC Employment Status Indicator (ESI) tool.

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

#### 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 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> Although details of all child protection training undertaken by School staff is maintained on a record held at the School; examination of the record identified 14 members of staff that had yet to receive any child protection training.	As a minimum, Level 1 safeguarding training should be arranged for all 14 members staff as soon as possible.



<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.2 Medium	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. It was noted that there are staff included on the School list that are no longer employed at the School. Additionally, the list does not include 2 members of staff who have recently commenced employment at the School.	The School must ensure that where staff, permanent or casual, commence / terminate employment with the School, the school list is updated to reflect this.
5.2.1 Low	Observations made during the audit visit identified that equipment is not marked up as the property of the School.	Equipment should be marked as the property of the School.
5.3.1 Low	Details of all School Private Fund Income is recorded onto Record of Daily Income sheets; however the date actual income is received is not recorded.	The income record should include details of the date income is collected at the School.
5.3.2 Medium	Examination of the School Private Fund expenditure for the current academic year identified payments that were not in line with the School Private Fund Regulations. Examples included stage carpet, Information Commissioner, items for class, piano tuning and trousers for caretaker.	The items listed fall outside the scope of the fund and this type of expenditure would be more appropriately financed from the budget account in future.
5.3.3 High	A circular was issued to all schools from the Temporary Director of Education and Lifelong Learning on 17th November 2015 regarding employment status and how to identify an entity as an employee or self-employed. Following the completion of a questionnaire on the HMRC website, should the entity be regarded as an employee, then the entity should be paid via the Council's payroll system.  Examination of the School Private Fund expenditure for the current academic year identified that payments are being made to tutors in respect of Judo Lessons and Sports coaching.  Discussions at the School identified that no HMRC questionnaire was completed and no ESI reference number was obtained in respect of both tutors.	Before a school engages with an entity for the provision of services, the HMRC employment status check should be undertaken for all individuals using the HMRC Employment Status Indicator (ESI) tool.  This type of expenditure should not be administered via the School Private Fund in future.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	Furthermore, this type of arrangement should not be administered via the School Private Fund.	

**AUDIT NAME: YSGOL GYFUN Y CYMER**

**DATE FINAL REPORT WAS ISSUED: 08/11/2016**

**INTRODUCTION**

Ysgol Gyfun y Cymer is an 11 – 18 mixed Welsh medium school serving the Rhondda area. The proportion of pupils entitled to free school meals currently stands at 14.8%. The total budget for the School in financial year 2016/17 is in excess of £3.1m.

Ysgol Gyfun y Cymer was last subject to a routine audit review in July 2013.

**SCOPE & OBJECTIVES**

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

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

- Governance;
- Safeguarding;
- Financial Planning;
- Purchasing;
- Purchase Card; and
- Equipment and Data Security.

**AUDIT OPINION**

Overall, the control environment in relation to the School's financial systems and Governance arrangements is considered to be effective with opportunity for improvement.

Governance

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. However there is currently no separate Finance Committee; instead there is a joint Curriculum, Finance, Staff and Buildings Committee. There are 2 Parent Governor vacancies at present and the School should endeavour to fill the vacancies as soon as possible.

There is a Register of Business Interests at the School; however at the time of the review, no declarations were present for 3 Governors.

The School developed a Purchasing Policy following the last review in 2013; however it is yet to have been formally approved by the Governing Body.

Safeguarding

There is a Child Protection Policy in place which is reviewed on an annual basis. Level 1 safeguarding training was provided to staff on the first inset day of the academic year and all staff who attended signed an attendance list. This was compared to the list of staff obtained from VISION prior to the review which identified 10 members of staff who were not present. Management confirmed that 3 members of staff have been trained to Level 5; however no

certificates could be located to demonstrate this.

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

Care should be taken to ensure that all trips / activities (including routine visits) are entered onto the EVOLVE system within the correct timescales as stated within the document 'Planning and Approval Procedures for Educational Visits' as this is currently not adhered to on all trips which take place.

#### Purchase Card

There are 2 purchase cards at the School. No transaction logs are maintained for either card. For a sample of transactions examined, all were appropriate in nature and the corresponding confirmation / receipts were present for all. The cardholder manual states that the purchase card should be held securely; however discussions at the School identified that both cardholders keep their cards on them at all times. Bank statements are received monthly and demonstrate evidence of being reconciled; however they are not signed and dated by the person undertaking the reconciliation. No cash is withdrawn using the purchase card.

#### Purchasing

The School has a Purchasing Policy that was devised in 2013; however it is yet to have been endorsed by the Governing Body.

For the 10 orders examined as a sample, all were raised via SIMS and included full details of the order and estimated costs; however 4 of the orders were raised on SIMS after receipt of the goods even though a prior request was made. 4 non-orders were also selected as a sample, of which 3 should have been raised as an official order, as a prior request would also have been made.

It was noted that 2 of the non orders payments examined were made to individuals in respect of vocal tuition and brass lessons; however a HMRC check was only carried out in respect of one individual to confirm their self employed status. An assumption was made that both tutors would be classified the same and the same ESI reference number used, which is not permitted.

The invoices for each of the orders examined were present and signed by the Headteacher. The SIMS cheque authorisation slips were also present; however 4 had not been authorised by a cheque signatory. There are currently 3 leases at the school; however LEA approval was not obtained prior to entering into the leases.

#### Financial Planning

The School Development Plan covers June 2014 – Summer 2016. It is based on the outcomes identified during the last ESTYN Inspection. The Heads of Department also complete an Improvement Plan for their department each year which feed into the School Development Plan. However examination of a sample of the Departmental Improvement Plans (Cynllun Gwella), identified that there is very little information in the way of costs and therefore it was difficult to demonstrate how both documents were linked.

The Business Manager provides all Heads of Departments with an update on their budgetary position every month; however the Heads of Department do not keep their own budget records in order to reconcile with these SIMS reports.

#### Equipment and Data Security

The School is registered with the Information Commissioner. Back-ups are undertaken daily for both the Admin and Curriculum network. The School also pay for 'software back up' for work groups which are external encrypted hard disks kept in the server room. A mirror of the external hard disk is kept off site at all times with the Business Manager. All equipment at the School is asset tagged (bar coded) which links to the School Manager System. Examination of 5 items selected as a sample identified that whilst there was an asset tag (which could be removed), none were marked as the property of the School.

Implementation of the recommendations contained within this report will further enhance the levels of internal control at the School.

### SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1  Medium	Currently, there is no standalone Finance Committee. Instead, there is a 'Curriculum, Finance, Staff and Buildings Committee'. The School's intention was to merge all committees in order to maximise Governor attendance.	A separate Finance Committee should be established immediately.
5.1.2  Medium	Section 2.9 of the Scheme for Financing Schools states that: <i>'Governing bodies are required to establish a register of business interests...which lists for each member of the governing body and the Head Teacher any business interests they or any member of their immediate family have. The register must be kept up-to-date by notification of changes from governors and the Head Teacher, and through an annual review process'.</i> Although a register has been established, no declarations were present for 3 Governors.	A declaration of business interests register should be completed on an annual basis which details the business interests of all Governors, the Headteacher and any other staff who may influence financial decisions at the School.  A declaration for the 3 Governors identified should be completed immediately.
5.1.3  Medium	The School developed a Purchasing Policy in September 2013. The policy states that the Business Manager has the delegated authority to authorise any orders up to £1,500 and the Headteacher has a spending limit of £5,000. Governing Body approval must be sought for expenditure in excess of £5,000. Examination of the Governing Body minutes since the last review (July 2013) identified that whilst the Purchasing Policy has been mentioned in 2 separate meetings, it is yet to be formally endorsed by the Governing Body.	The Purchasing Policy should be reviewed to ensure that the content is still applicable and relevant. The Policy should then be presented at the next Governing Body meeting for formal consideration and if deemed appropriate, endorsement. These events should be minuted.
5.1.4  Low	The membership of governing bodies is set out in chapter 3 of The Government of Maintained Schools (Wales) Regulations 2005, which specifies that the composition of the Governing Body should consist of 6 Parent Governors.	The School should endeavour to fill the 2 Parent Governor vacancies as soon as possible.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	Examination of the Governing Body structure revealed that there are currently 2 Parent Governor vacancies.	
5.2.1  High	<p>Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that:</p> <p><i>'Governing Bodies should 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>At the start of each academic year, all staff are provided with a new staff handbook which includes a section on child protection and safeguarding. In addition, all staff are provided with safeguarding training on the first inset day of the year. An attendance list is maintained which was compared to the list of staff obtained from Vision. The comparison identified 10 members of staff who were not in attendance. There was also no evidence to demonstrate that office based staff have received training.</p> <p>Whilst 3 members of staff are trained to Level 5, the corresponding certificates could not be located.</p>	<p>Safeguarding training should be arranged for all staff who were not present at the training event as soon as possible.</p> <p>All staff should ensure that for any child protection training undertaken, any certificates awarded should be retained at the School at all times.</p> <p>The School should develop a central training record to demonstrate the date and level of attainment alongside individual staff names.</p> <p>This could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.</p>
5.2.2  Medium	<p>The 'Planning and Approval Procedures for Educational Visits' states that residential visits / adventure activities must be 'planned and approved using the Evolve system at least 28 days before the visit'.</p> <p>Examination of a sample of visits recorded on Evolve identified a visit to Auschwitz on 3rd March 2016 where the details were not entered and approved on Evolve until 1st March 2016, only 2 days prior.</p> <p>Note: it is reported that the School were not made aware of the full trip details until a week before</p>	<p>Noting the specific circumstances for the Auschwitz trip, care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct timescales.</p>

<b>SUMMARY OF RECOMMENDATIONS:</b>		
<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
	departure as it was organised by The Holocoast Education Trust.	
5.2.3  Low	<p>Whilst 'blanket approval' forms have been completed by parents at the start of the academic year for routine off-site visits such as sporting fixtures, they are not recorded on EVOLVE.</p> <p>The 'Planning and Approval Procedures for Educational Visits' document states that Schools can determine their own planning and approval requirements for School trips; however it also states that Schools are strongly advised to use the EVOLVE system.</p>	In addition to manual risk assessments, EVOLVE should be used to document all off-site visits including those relating to sporting fixtures/tournaments.
5.3.1  Medium	Of the 10 orders examined as a sample, it was identified that 4 were raised on SIMS after the goods were received. Order numbers 4827150049, 4827150110, 4827150185 and 4827150244.	Where a commitment to expenditure is known in advance, orders should be raised prior to the good being received. Where verbal orders are placed they should be confirmed in writing at the earliest opportunity (via a corresponding order on SIMS).
5.3.2  Low	A cheque authorisation slip was located for each of the 10 orders examined. However, 2 had not been signed by a named cheque signatory (order numbers 4827150048 and 4827150049) and 2 additional slips were signed by a member of staff who is not a named cheque signatory (both cheques relating to order number 4827150240).	Cheque authorisation slips should only be signed by designated members of staff.
5.3.3  Medium	<p>2 cancelled non orders were selected as a sample. Whilst the orders and cheque authorisation slips were clearly marked as cancelled and the cheques retained, one cheque was fully completed and had not been marked as cancelled.</p> <p>In addition, no reason was provided as to why the orders were cancelled.</p>	All cancelled cheques should be clearly marked as cancelled.
5.3.4	Examination of a sample of non-orders identified one transaction amounting to £1,200 on 15th October 2015 and in respect of part payment for the decoration of stairwells. This payment is considered a Construction Industry Scheme (CIS) payment but was paid by cheque from the School directly to the	In future, when a subcontractor is being considered to carry out

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Medium	company (cheque number 714609).	<p>construction work, the School should ensure that the subcontractor has been registered with HMRC prior to engaging them to carry out any work.</p> <p>If the subcontractor is registered with HMRC, the School should contact the Council's CIS Team to ensure that the subcontractor's details are held on file and are up to date.</p> <p>When a subcontractor has been engaged to carry out construction work to the property, the School should ask the subcontractor to contact the Council's CIS team and provide their CIS details; this will initiate the verification process with HMRC and will ensure that appropriate records are held for the subcontractor prior to releasing any payments.</p> <p>All CIS invoices must be paid centrally, through the Financials Creditor System. Schools should enter the invoice details on SIMS as normal, but the cheque should</p>



SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
		be made payable to (Payee) Rhondda Cynon Taf County Borough Council.
5.3.5  Medium	There are currently 3 leases at the School relating to CCTV, vending machines and photocopiers.  The Business Manager stated that prior approval was not sought from Education Finance.  The photocopier lease has recently ceased and the Business Manager is in negotiations with 2 companies to renew the lease but has not yet had contact with the LEA.	Prior to renewing any of these leases, and taking out any future leases, authorisation should be obtained from Education Finance before entering into any formal agreements.
5.3.6  Low	4 non orders were selected as a sample. An official order should have been raised for 3, as prior requests would have been made: <ul style="list-style-type: none"> <li>• AMP, cheque number 714565, £412.00, 2nd October 2015 for 'vocal tuition';</li> <li>• SM, cheque number 714583, £560.00, 2nd October 2015 for 'brass lessons'.</li> <li>• AMH, cheque number 714609, £1200.00 15th October 2015 for 'payment of decoration of the stairwell'.</li> </ul>	An order (confirmation if made by telephone) should be raised on SIMS as soon as a commitment to expenditure is known. This will ensure that the budgetary information on SIMS is as accurate as possible, has been authorised in the correct manner and that there is a hard copy of the items ordered at the School which can be used to check the subsequent delivery of goods and relevant invoice.
5.3.7  High	A circular was issued to all schools from the Temporary Director of Education and Lifelong Learning on 17th November 2015 regarding employment status and how to identify an entity as an employee or self-employed. Following the completion of a questionnaire on the HMRC website, should the entity be regarded as an employee, then the entity should be paid via the Council's payroll system.  Examination of the SIMS bank history report since September 2015 identified 2 entities for which regular monthly payments are made in respect of vocal tuition and brass lessons.	Before a School engages with an entity for the provision of services, the HMRC employment status check should be undertaken for all individuals using the HMRC Employment Status Indicator (ESI) tool.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	Although the School had followed the HMRC guidance in respect of the vocal tutor, an assumption was made that the brass tutor was also classed as 'self employed'. Hence no HMRC questionnaire was completed and the same ESI reference number was used for both individuals.	
5.4.1 Medium	Point 1.1 of the Cardholder Manual states: <i>'The Cardholder must maintain a log of all transactions, for reconciliation with the online Barclays system'</i> . There are 2 purchase cards in use at the School. Neither of the cardholders maintains a transaction log.	An accurate and up to date transaction log should be maintained for all purchases made on both cards. The transaction log should then be used to reconcile to the Barclays system.
5.4.2 Medium	Point 3.3 of the Cardholder Manual states: <i>'The card bears the Cardholders name and it is the Cardholder's responsibility to ensure that it is retained in a safe location. It is recommended that cards be retained in a secure environment (e.g. lockable drawer) until required for use by the Cardholder'</i> . Discussions at the School identified that both Cardholders keep their cards with them at all times, even when there is no intention to purchase items after school hours.	The purchase card should be held securely at School at all times, unless a purchase needs to be made outside of school hours.
5.4.3 Low	Bank statements are received on a monthly basis for both purchase cards. Whilst the statements show a reconciliation exercise takes place, they are not signed and dated by the person undertaking the reconciliation.	The bank statements should be signed and dated by the person undertaking the reconciliation.
5.5.1 Low	All school equipment is asset tagged (bar coded) using tags which link to the School Manager system. There were asset tags on each of the 5 items of equipment examined as a sample; however the items are not marked as the property of the School.	All equipment should be marked as property of the school, as well as asset tagged. This could be achieved by using an indelible pen.
5.6.1	The current School Development Plan covers the period June 2014 - Summer 2016 (i.e. 2 years). Each year, the Heads of Department complete a Departmental Improvement Plan, which links to the School Development Plan.	The Departmental Improvement Plans should include detailed cost implications and targets that can be

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Medium	When examining a sample of Departmental Improvement Plans it was noted that there is very little information in the way of costs and therefore no correlation could be identified between the amount of capitation provided to the Department and the targets identified on the Departments' Improvement Plans (and subsequently the School Development Plan).	directly linked to the School Development Plan and the department's budgetary allocations. Additionally, when compiling the new School Development Plan, it should be ensured that it covers a 3 year period, as recommended by the Estyn Audit Commission 'Keeping your balance' document. It states the SDP should cover at least 3 years.
5.6.2 Medium	Whilst the Business Manager initially obtains details of the School's budgetary position from SIMS in order to update the Governing Body, the figures are not presented to the Governing Body in this format.  In addition, the initial SIMS reports used by the Business Manager are not retained.	All budgetary updates provided to the Governing Body should be extracted from SIMS.  If the Governing Body prefer an alternative format, the original reports obtained from SIMS should be retained to substantiate the information presented to the Governing Body.  It should also be reflected in the Governing Body minutes that the Governors have agreed to receive information in a format other than SIMS.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.6.3  Medium	<p>The Business Manager provides all budget holders with an update on their individual budgets on a monthly basis. Discussions take place if there are queries but there are no formal meetings to discuss their budgetary positions.</p> <p>In addition, despite Heads of Department receiving monthly SIMS reports they do not retain their own records to monitor their own allocation themselves.</p>	Each Head of Department should maintain a budget monitoring file and ensure that when the monthly SIMS reports are received from the Business Manager, the items listed are correct and that there are no errors.

**AUDIT NAME: ABERCYNON COMMUNITY PRIMARY SCHOOL**

**DATE FINAL REPORT WAS ISSUED: 08/11/2016**

**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.

Abercynon Community Primary School was last subject to an Internal Audit Review in July 2012 and this is the second cyclical visit made to the School under the Self Evaluation Process since the amalgamation of Carnetown Primary, Abercynon Infants and Abertaf Primary School in September 2013.

**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 and 2016/17.

The objectives of the review were:

- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2014 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate to and reflected in the budget, correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

**AUDIT OPINION**

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

The School has a Safeguarding and Child Protection Policy which is reviewed annually. Testing identified that all staff received the appropriate clearances before commencing duties in their posts and all staff have received safeguarding and child protection training.

The School uses the EVOLVE system to record details of off-site visits and in accordance with the document 'Planning and Approval Procedures for

Educational visits', residential trips are entered onto the EVOLVE system within the correct timescales.

In terms of the School Purchasing system, all purchases are made using the School Purchase Card. There is a sufficient audit trail in respect of evidence being available that supports expenditure and where the card is shared between staff, a log in the appropriate format is being maintained. However, it was noted that for each purchase made an official order was being completed. Subsequently, a verbal recommendation was made to cease this practice as the controls already in place with the Purchase Card are adequate.

Dinner money is updated on to SIMS and banked promptly. Testing identified that free school meals are only provided to those for whom eligibility has been confirmed and retained. However, discussions with Education Finance staff revealed that the School has only submitted one arrears return for the current academic year. This report recommends that in accordance with the required procedure, the School should ensure that they submit arrears returns to Education Finance as required every half term.

The School is registered with the Information Commissioner and a valid copy of the registration is held at the School. Information held on the system is backed up daily and confidential data is held securely.

There are currently 2 School Private Funds in operation at the School: one for the main School and one for the ASD Unit. A Management Committee has been established for both funds and positions held relate to duties undertaken. However, this report recommends that in accordance with the School Private Fund Regulations, arrangements should be made to close the ASD Unit account immediately, with the closing balance amalgamated and paid into the School Private Fund bank account.

In order for all income and expenditure of the ASD unit to be monitored / administered separately from the main School, a separate column within the ledger can be created to facilitate this.

Finally, in terms of school private fund expenditure, testing of the main School Private Fund account identified some items of expenditure being deemed as inappropriate and would be more appropriately financed from the budget account in future.

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

#### **SUMMARY OF RECOMMENDATIONS:**

<b>REPORT REF. &amp; PRIORITY</b>	<b>FINDING</b>	<b>RECOMMENDATION</b>
5.1.1  Low	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.  It was noted that there are staff included on the School list that are no longer employed at the School. Additionally, the list does not include staff who have recently commenced employment at the School.	Management must ensure that where staff, permanent or casual, commence / terminate employment with the School, the school list is updated to reflect this.
5.2.1	The School has only submitted one arrears return to Education Finance for the current academic year (May 2016 return) and as a result the School's budget was charged £139.52.	The School should ensure that school meal arrears returns are

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Medium		submitted half termly.  In accordance with the required procedure, where high levels of arrears have accumulated the School should refer those to Education Finance for further recovery action.
5.3.1 Low	Although equipment has been asset registered by the Council's ICT service, all items of equipment have not been marked as the property of the school.	All equipment should be marked as the property of the School. This could be achieved by using an indelible pen.
5.4.1 Medium	Section 3.1 of the School Private Fund Regulations states ' <i>Only one current and one deposit account is permitted</i> '. There are 2 School Private Fund Accounts in operation at the School, one for the main School and one for the ASD Unit.	Arrangements should be made to close the ASD Unit account immediately, with the closing balance amalgamated and paid into the School Private Fund bank account.  Although it is accepted that the donations received / expenditure incurred in respect of the ASD account are treated as separate entities to the main School account, this could still remain. To achieve this, a separate column should be created within the ledger to record all income and expenditure of the ASD unit.
5.4.2	The entries in respect of School Private Fund income / expenditure should allow for prompt reconciliation	All expenditure transactions should

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
Medium	within each financial period. The ledgers currently in use do not follow this format. At present income and expenditure transactions are recorded (on separate pages), and no running balance of the accounts are maintained.	<p>be clearly recorded against any income received for the same period.</p> <p>To ensure that an accurate balance of the School Private Fund is recorded, an additional column should be added to the Ledger to allow a running balance to be maintained following each transaction.</p>
5.4.3 Low	Details of all school trip income is recorded directly onto individual trip records. Although the amounts collected and banked are recorded, the dates that individual payments are received are not.	The trip income records should also include details of the date income is collected at the School.
5.4.4 High	<p>Examination of the School Private Fund expenditure identified instances of expenditure, amounting to £748.54, that are not in line with the School Private Fund Regulations. These were as follows:</p> <ul style="list-style-type: none"> <li>• 18.04.16 - £650.00 - Mini bus re-spray</li> <li>• 04.05.16 - £20.49 - Items for class</li> <li>• 18.11.16 - £12.05 - Items for class</li> <li>• 13.11.15 - £47.00 - Books</li> <li>• 20.01.16 - £4.00 - Books</li> <li>• 02.03.16 - £15.00 - Books</li> </ul>	The items listed fall outside the scope of the fund and this type of expenditure would be more appropriately financed from the budget account in future.
5.4.5 Low	There are only 2 cheque signatories in respect of the School Private Fund.	Consideration should be given by the School to appoint a third cheque signatory.



**WHOLE AUTHORITY ARRANGEMENTS****AUDIT NAME: PERFORMANCE INDICATORS****DATE FINAL REPORT WAS ISSUED: 10/11/2016****INTRODUCTION**

The Council regularly measures the performance of service delivery across all its service areas using a combination of national and local Performance Indicators (PIs). PIs are measured against agreed targets (where targets have been set) and the results are reported in the public domain.

This framework of performance information provides the primary intelligence to enable the Council to manage performance against key strategic priorities, service / policy objectives and also local priorities specific to the needs of Rhondda Cynon Taf. Key indicators are also used for comparison purposes with other councils.

Each PI has been assigned a PI owner who is responsible for declaring the methodology and accuracy of the calculation via a pro-forma Self Assessment Form. The in-year production and review of this performance information is the key tool that enables service managers to measure their service. PI owners are supported by the Performance Team based in the Finance Division (within the Corporate and Frontline Services Group).

**SCOPE & OBJECTIVES**

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

The primary purpose of the review was to independently assess the sampled PIs and provide an opinion on the accuracy of the reported data. To achieve this, the following key objectives were identified.

- That the methodology used to collect the statistical data is consistent with the agreed definition of each PI;
- That the data used to calculate each PI has been correctly captured from prime documents / primary sources; and
- That the calculation was arithmetically accurate.

**AUDIT OPINION**

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

All PIs reviewed have an appropriate definition and methodology, and these have been consistently implemented in line with the aims of those definitions and methodologies.

Source data was available for all 24 Performance Indicators reviewed and reliance may be placed on the calculations for 20 of the 24 PIs examined. For the remaining 4 PIs, 1 had reported the wrong year's data and 3 had inadequate supporting data to substantiate reported figures. Therefore no assurance can be provided on these.

The quality assurance process implemented previously by the Performance Team improved the process for monitoring and reporting PIs along with ensuring that the data reported was accurate and substantiated with adequate supporting information. A revised approach was put in place during 2016/17. Implementing the recommendations within this report will enhance monitoring arrangements and the integrity of reported data will be increased further.

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
5.1.1 Medium	<p>Each service area is responsible for the collection, monitoring and reporting of PIs (Guidance and support is provided by the Performance Team).</p> <p>Previous Internal Audit reviews recommended the introduction of routine quality assurance mechanisms to check the quality of reported data. A revised approach was put in place during 2016/17 that covered the following PIs:</p> <ul style="list-style-type: none"> <li>• LCSC401</li> <li>• LEDU223</li> <li>• LEDU224</li> <li>• LEDU225</li> <li>• LPPN127</li> <li>• LPPN129</li> <li>• LSCC014</li> <li>• LSCC015</li> <li>• LSCC024</li> </ul> <p>The service has indicated that a more targeted approach will be deployed during 2017 in line with resources available.</p>	<p>Management should ensure if a more targeted approach is introduced, that this should continue to provide sufficient coverage and assurance around the accuracy of performance indicator information produced.</p>
5.1.2 High	<p>From a sample of 24 Performance Indicators examined, it was found that 20 had been accurately reported.</p> <p>The 4 that had not were - <u>Regeneration &amp; Planning</u></p> <ul style="list-style-type: none"> <li>• LRGN008 - No. of jobs created through grant support programmes</li> <li>• LRGN009 - No. of businesses/ organisations supported through grant programmes</li> </ul> <p>It was found that these 2 PIs had not been reported accurately. This can be attributed to inadequate evidence of source data, in so much as the supporting evidence does not match the Terms &amp; Conditions of the grants approved.</p> <p><u>Energy Team</u></p> <ul style="list-style-type: none"> <li>• CAM037 - The percentage change in the average Display Energy Certificate (DEC) score within</li> </ul>	<p>Management must ensure that the figure reported for each performance indicator is supported by the source data.</p> <p>Management should also ensure any data that is not received is chased up and obtained for reporting.</p> <p>The source data must be challenged and reviewed prior to figures being reported publically.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>local authority public buildings over 1,000 square metres.</p> <p>It was found that the figure reported, 2.7%, should have been 5.7%. The data provided was as originally required by the nationally agreed definition. However the Data Unit changed the methodology for this measure, which changed the reporting year from a year in arrears to current year. 2.7% was 2015/16 data and 5.7 was 2014/15 data. National notification of this change was received too late to effect the end of year reporting. This has since been addressed in the quarter 1 Performance Report for 2016/17.</p> <p><u>Access &amp; Inclusion</u></p> <ul style="list-style-type: none"> <li>NEDU002ii - % of pupils in local authority care and in any local authority maintained school aged 15 as at the preceding 31 August who leave compulsory education, training or work based learning without an approved external qualification.</li> </ul> <p>It was found that the reported figure of 0% (0 from 35 pupils) was incorrect and should have been 3.3% (1 from 33 pupils). This can be attributed to confusion regarding what pupils to include within the numerator and denominators.</p> <p>Additionally, clarity needs to be provided in respect of the description of the following Performance Indicator: -</p> <p><u>Primary School Achievement</u></p> <ul style="list-style-type: none"> <li>EDU235 - % pupils assessed at the end of Foundation phase, aged 7, achieving outcome 5 or above in the Foundation phase indicator.</li> </ul> <p>Whilst the reported figure is correct if applied to the description of 'end of Foundation Phase', this does not take into consideration pupils ages, as not all pupils will be aged 7 when they complete the Foundation Phase as used as the PI description.</p> <p>This is also applicable for the descriptions used for other Key Stage levels (PI references EDU002 &amp; EDU003).</p>	
5.1.3  Medium	<p>The Performance Team has introduced a comprehensive Definition and Methodology document which is to be completed for each Performance Indicator.</p> <p>For all 24 sampled Performance Indicators it was found that each had a Definition and Methodology in place. However not all were documented within the new format introduced by the Performance Team,</p>	<p>The Performance Team should ensure that a Definition and Methodology for each Performance Indicator in the new format is fully completed, agreed and retained.</p>

SUMMARY OF RECOMMENDATIONS:		
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION
	<p>and for those that were, several had not been updated since their review by the Performance Team and resubmitted. Officers are updating their versions on the 'Shared' drive, whereby the Performance Team are not made aware of these amendments.</p> <p>Additionally, each Performance Indicator should have a target. Where a target is not set, then a documented rationale should be in place.</p> <p>3 of the 24 PIs did not have a Target and no rationale was provided. It was also found that where rationales for targets were provided, these do not form part of the Definition and Methodology document, but are documented elsewhere.</p>	<p>Officers should also be reminded that any amendments to these documents should be notified to the Performance Team, with a possible cut off date for such amendments made each year.</p> <p>Performance Indicator Owners should be reminded that they must set Targets for each of their Performance Indicators or provide a documented rationale why they are not. This rationale should be included with the Definition and Methodology.</p>