

Forsbrook CE (VC) Primary School - Compliance

Final Audit Report
2018/19



Our Mission

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

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Draft Report Distribution

Kelly Minor – Head Teacher
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Final Report Distribution

Kelly Minor – Head Teacher
Sharon Dawson – Office Manager

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1 Executive Summary

1.1 Scope and Background of Audit

1.1.1 This audit was carried out as an integral part of the Internal Audit plan for 2018/19.

1.1.2 The objective of the review is to provide assurance for a sample period that the School is complying with the operational and managerial controls outlined in key documentation: -

- Scheme for Financing Schools.
- Financial Regulations.
- Standing Orders on Contracts for Schools.
- Pecuniary Interest Guidance.
- Governing Body and Finance Committee minutes.

1.1.3 The findings have been derived from discussions with key staff involved in finance and an examination of key documentation for each of the areas included in the scope.

1.1.4 The scope of the audit review was to determine the extent to which controls can be relied upon in relation to the following areas: -

- Governance.
- Financial planning/budget setting.
- Budgetary monitoring.
- Financial holdings.
- Income and banking.
- Lettings.
- Procurement cards.
- Accounts receivable.
- School meals income.
- Procurement arrangements.
- Payroll.
- Data Protection.

The period covered by the review was March 2018 to February 2019.

1.2 Summary of Audit Findings

Control Objectives Examined	No of Controls Evaluated	No of Adequate Controls	No of Partial Controls	No of Weak Controls
Governance arrangements are in place to ensure that financial matters are managed effectively.	2	1	1	0
Financial planning and budget setting activities are undertaken to ensure the school remains stable financially.	1	1	0	0
Budgets monitoring activity is undertaken to ensure that expenditure is managed effectively.	1	1	0	0
Areas which impact on the financial arrangements within the school are identified and considered.	2	2	0	0
Income received is recorded, held securely and banked in accordance with Financial Regulations and insurance limits.	6	2	3	1
Lettings of school premises are undertaken in accordance with the Letting Policy, Charges and Remissions Policy and Financial Regulations.	3	0	2	1
Purchase cards are allocated, retained and utilised in accordance with the Financial Regulations, Purchase Card Guidance and Agreement.	2	1	1	0
Invoices are raised in accordance with Financial Regulations and debt recovery processes are in place.	1	1	0	0
School meals income is collected, recorded and banked accurately and in a timely manner.	1	0	1	0
Procurement activity is undertaken in accordance with the Financial and Procurement regulations and guidance in place.	3	1	1	1
New starters are correctly established subsequent to successful completion of pre-recruitment checks.	1	1	0	0
Permanent variations to payroll data are complete, accurate and valid.	1	1	0	0
Temporary payments and remunerations are completed in accordance with supporting documentation.	1	1	0	0
Payroll data is validated to ensure it is accurate prior to payroll running.	2	2	0	0
Accountabilities have been clearly defined and communicated.	4	2	0	2
Arrangements are in place to implement the General Data Protection Regulations (GDPR).	1	1	0	0
TOTALS	32	18	9	5

1.2.1 The following issues were considered to be the key control weaknesses:

Rec Number	Risk Rating	Summary of Weakness	Agreed Action Date
1	Medium Priority	The Scheme of Delegation pro-forma in use is out of date and therefore does not clarify requirements for all of the areas required.	21st June 2019
2	Medium Priority	There is no acknowledgement from the bank that they have received the sealed plastic deposit bag from the officer taking it to the bank.	30st April 2019
3	Low Priority	No independent spot checks on the income received/banked are currently completed.	31st May 2019
4	Low Priority	Finance staff were not aware of the VAT requirements in respect of sporting lettings.	30th April 2019
5	Medium Priority	Lettings agreements were not being completed.	30th April 2019
6	Medium Priority	Appropriate public liability insurance cover was not evidenced for lettings.	30th April 2019
7	Low Priority	VAT claimed in error for seven purchase card transactions.	30th April 2019
8	Low Priority	The School's website does not reflect current Governors. Additionally, although Governors and staff members are not directly involved with the School's procurement process it is possible they may influence decision making processes and as such it is considered good practice for Governors to set financial limits for all businesses where any declaration has been made.	21st May 2019
9	Medium Priority	Quotations not sought in accordance with the Scheme of Delegation for nine of the ten invoices tested. Additionally, purchase orders have not been raised for eight of the ten invoices tested.	31st May 2019
10	Low Priority	It could not be evidenced that the exemption waiver form had been completed and approved by Governors in relation to Secure-A-Field and the automatic School gates.	30th April 2019
11	Medium Priority	The payroll contract with Stoke on Trent City Council has not been signed on behalf of the School.	31st May 2019
12	Low Priority	Only the Office Manager has access to the Stoke payroll portal.	31st July 2019

This report focuses on the weaknesses in the Organisation's systems of control that were highlighted by this audit and recommends what Audit considers to be appropriate control improvements. This report contains the follow amount of recommendations

High	Medium	Low	Total
0	6	6	12

Another 4 minor priority issues have been highlighted for management's consideration.

1.3 Summary of Control Assurance Provided

- 1.3.1 **Adequate** - Internal Audit are able to offer adequate assurance as most of the areas reviewed were found to be adequately controlled. Generally, risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

2 Positive Assurance

Internal Audit attempted to establish whether the Organisation's system of control for the following areas contained all the key controls expected of a sound and robust process. Through a combination of control evaluation and testing the audit confirmed that the following adequate controls were in operation:

2.1 School Governance

- Examination of the Full Governing Board and the Resources Committee meeting minutes for the period 1st April 2018 to 6th February 2019 confirmed that both are advised of financial matters for scrutiny and agreement, including the following approvals:
 - The Full Governing Board approved the budget for 2018/19 on 20th June 2018 following review and approval by the Resources Committee on 2nd May 2018.
 - The School's Charges and Remissions Policy was discussed by the Resources Committee on 3rd October 2018 and ratified by the Full Governing Board on 14th November 2018.
 - The Debt Policy was adopted in February 2018 and was due to be reviewed during the Resources Committee meeting scheduled for 3rd April 2019.
 - The minutes reviewed confirmed that Governors are monitoring contracts on an on-going basis.
- The review confirmed that a Scheme of Delegation is in place and that this has been approved by the Resources Committee at their meeting of 3rd October 2018.

2.2 Financial Planning / Budget Setting

- It was evidenced that, when setting the budget, all relevant information had been considered and presented to Governors, including pupil numbers, capital funding requirements and the five-year budget modeller.

2.3 Budget monitoring

- Budget monitoring reports are produced by the Office Manager and provided to School Governors for each meeting of the Resources Committee by the Head Teacher. The reports are clear and easy to understand. In addition, a review of the minutes of these meetings showed that decisions are documented and there was evidence of the Governors challenging financial information provided.

2.4 Financial Holdings

- The School operates an extended School function in respect of a Nursery and a before and after School club. The costs in relation to these provisions are coded to cost centre 96 under 'other balances'. It was identified that the cost centre is running in surplus and that there is no concern with the viability of either facility at present.
- It was identified that the School has a School Fund account which is separately accounted for. The 2017/18 School Fund accounts were audited on 15th November 2018 and approved by the Resource Committee at their meeting on 6th February 2019.

2.5 Income and Banking

- It was identified that the School uses a key operated safe, with the two keys being held by the Office Manager and the Head Teacher. Both keys are held on the officers' person. At the time of the audit the amount of cash held in the safe totalled £308.30; this is within the School's £1,000 cash holding insurance limit for a safe.
- It was further identified that sufficient income records have been kept for all School budget income with only immaterial differences of 19 pence for break sales and 60 pence for Mother's Day lunches found from supporting documentation to cash amounts in the safe. It was identified that these minor differences were acknowledged on the source documentation prior to being added to the safe.
- A review of the School's bankings using the School's paying in book and the Integra banking report from March 2018 to February 2019 identified that income has been banked on a weekly basis as required by Financial Regulations F4.
- It was identified that the paying in book counterfoils and Integra records for the period covered had been appropriately completed.

2.6 Lettings

- It has been confirmed that a list of Letting Charges is included in the Lettings Policy. The audit identified that the School has had two regular lettings to outside bodies within the last year, one of which is still current, and these were charged in accordance with the policy.

2.7 Purchase Cards

- The School has four purchase cards which are held by the Caretaker, Head Teacher, Nursery Manager and Deputy Head Teacher. It was identified that all cards are held on the cardholder's person, that cardholders do not allow other staff to use their cards and that all cardholders received instructions on the purchase card's use.
- The audit reviewed a sample of 57 purchase card transactions across all four cardholders for the period 4th April 2018 to 3rd January 2019. The sample reviewed identified that in all cases supporting documentation was held and purchases were relevant to the School. In addition, there was no evidence to suggest that transactions had been split to avoid approval limits.

2.8 Account Receivable

- The audit reviewed five sales invoices from the period March 2018 to February 2019. The invoices tested had been appropriately raised for credit services using the Integra Financial system. Prices were in accordance with those agreed and the invoices were promptly raised. It was identified that there was an appropriate separation of duties with the accounts being raised by the Office Manager and income being collected by the Staffordshire County Council. The School can monitor outstanding debts by producing customer reports from the system.

2.9 Procurement

- All Governors and appropriate members of staff have completed a declaration of interest form within the past five months.

- The School has a lease with Ricoh for its photocopiers. The lease is between the leasing company and the School and has been signed by the Head Teacher in accordance with the Scheme of Delegation.

2.10 Pre-recruitment Checks

- For a sample of five new starters it was confirmed that pre-recruitment checks and Staffordshire County Council appointment forms have been completed by the Office Manager and authorised by the Head Teacher prior to appointment. Documentation to support the appointment has been retained within the relevant staff files and access to these files is restricted.

2.11 New Starters and Permanent Variations

- A review of a sample of five new appointments, two permanent changes and five leavers confirmed that they had all been appropriately authorised, submitted and processed in a timely manner and that source documentation has been retained securely.

2.12 Temporary Payments and Remunerations

- A sample of 10 additional hours claims were reviewed which identified that, for all additional payments and remunerations, claims had been made using Staffordshire County Council additional hours forms, were authorised in accordance with the Scheme of Delegation and payment was made in the month directly following the claim.

2.13 Payroll validation

- The Office Manager reviews both the pre and post payroll reports and responds to any payroll errors after receipt of the pre-payroll report. All reports are retained by the Office Manager and a review of the reports identified that where the Office Manager has checked a salary the entry has been ticked and highlighted. The validated pre-payroll report is kept on file. The Office Manager is responsible for inputting into the Stoke on Trent payroll system. A review of the pre-payroll reports for October and November 2018 and January 2019 identified that where errors were spotted, these were dealt with in a timely manner.
- Reconciliation of seven salary payments against the corresponding employee staff files confirmed that the employees were in authorised posts and payments were made in accordance with the terms and conditions of employment.

2.14 Payroll Governance

- Guidance and training has been provided to individuals administering and approving payroll information, including data security. The Office Manager confirmed that she had received one to one training on the Stoke on Trent payroll system when the payroll moved from Staffordshire County Council to Stoke on Trent City Council. Additionally, there are notes of guidance available on the Internet.
- It was confirmed by the Office Manager that all information sent to and from Stoke Payroll Services is done using encrypted software and via the portals.

2.15 Data Protection

- It was confirmed with the Office Manager that the School is aware of the General Data Protection Regulations and the DfE's Data Protection Toolkit. The School has a contract with the Entrust for Data Protection services.
- The Head Teacher is the School's nominated Data Protection Officer. She has attended training in respect of Data Protection and has briefed staff.

3 Control Weaknesses & Recommendations

3.1 School Governance

3.1.1 *It was expected that a Scheme of Delegation is in place which is aligned to the governance and officer structures in place.*

The review of the Scheme of Delegation identified that:

- E24 – Imprest is no longer required.
- F25 – The Office Manager is delegated to authorise credit memos; this is a poor separation of duties as they also raise sales invoices. The Integra system has a built-in control that prohibits this; any credit memos are automatically workflowed to the Head Teacher for authorisation.
- H2 – No limits have been set for individuals to accept the most suitable quote or tender.
- Payroll authorisation is not detailed on the Scheme of Delegation, although it was confirmed that Payroll authorisation/delegation limits are in operation and appear appropriate.

The lack of a comprehensive Scheme of Delegation increases the risk that staff are unclear about their responsibilities and authority levels resulting in non-compliance.

Recommendation 1		Summary Response	
Risk Rating:	Medium Priority	Responsible Officer:	Chris Bratt – Chair of Governors
Summary of Weakness: The Scheme of Delegation pro-forma in use is out of date and therefore does not clarify requirements for all of the areas required.		Agreed Actions: The Scheme of delegation has been amended to reflect the changes necessary and will be taken to the meeting of the Resources Committee for approval on 21/05/19.	
Suggested Action: The Head Teacher should ensure that the Scheme of Delegation is amended to remove the Office Manager as responsible officer for authorising credit memos; to set financial limits for individuals to accept the most suitable quote or tender and Payroll responsibilities and authorisations should also be defined. Whilst updating the Scheme of Delegation, reference to the Imprest account could also be removed as this is no longer applicable. Once amended, the Scheme of Delegation should be presented to the Resources Committee for approval.		Implementation Date: 21 st June 2019	

3.2 Income and Banking

- 3.2.1 *It was expected that the bank paying in slip counterfoil has been stamped, or, details of income collected by a security firm have been clearly documented to confirm that banking of income from the school has been undertaken.*

From discussions with the Office Manager it was identified that the School deposits income using bank sealed plastic deposit bags which are left at the bank to be counted at a later time. The School retains the receipt counterfoil from the bags however, the receipts are not stamped by the bank to acknowledge the receipt of the bag.

There is a risk of possible loss or theft of income.

Recommendation 2		Summary Response	
Risk Rating:	Medium Priority	Responsible Officer:	Sharon Dawson – Office Manager
Summary of Weakness: There is no acknowledgement from the bank that they have received the sealed plastic deposit bag from the officer taking it to the bank.		Agreed Actions: The deposit bag tear-off strip will be stamped by the bank for all future deposits to acknowledge receipt. This will be retained in the School records.	
Suggested Action: The School should ensure that the bank acknowledges the receipt of the sealed plastic deposit bag.		Implementation Date: 30 st April 2019	

- 3.2.2 *It was expected that there is a clear separation of duties between the officers collecting and banking income and that income received records are verified to the banking prior to completion. It is also expected that income and banking records are periodically reviewed by an independent officer*

The review found that there was an appropriate separation of duties between the officers collecting the income and the officer undertaking the bankings and that amounts banked are checked against income received records by the Office Manager. However, the review identified that no spot checks are undertaken by an officer (independent of the banking process) to ensure that records match the income banked and the sums received into the School's budget.

The absence of an independent review of bankings increases the risk that income will be lost due to error or fraud.

Recommendation 3		Summary Response	
Risk Rating:	Low Priority	Responsible Officer:	Sharon Dawson – Office Manager
Summary of Weakness: No independent spot checks on the income received/banked are currently completed.		Agreed Actions: The Entrust Support Services Officer will complete spot checks of income on their visits.	
Suggested Action: The Head Teacher should introduce a regular independent check of income received to that banked and received into the School's budget.		Implementation Date: 31 st May 2019	

3.3 Lettings

3.3.1 *It was expected that lettings charges have been applied in accordance with the approved scale of charges and VAT applied where appropriate.*

The audit identified that there was one active letting, Bee Active, and another for yoga instruction that had ceased during December 2018. The active letting related to a sports club and sporting lettings are subject to VAT unless certain criteria are met. Finance staff were not aware of the VAT requirements in respect of sporting lettings. The letting agreement confirmed that the letting would be subject to VAT for parts of the year as the letting did not meet the criteria for exemption.

There is a risk that VAT on sporting lettings may not be recovered in appropriate circumstances.

Recommendation 4		Summary Response	
Risk Rating:	Low Priority	Responsible Officer:	Sharon Dawson – Office Manager
Summary of Weakness: Finance staff were not aware of the VAT requirements in respect of sporting lettings.		Agreed Actions: The Vat guidance document will be used to determine future Vat requirements in respect of lettings. Where Vat is applicable it will be charged. Vat has been charged for April sports letting.	
Suggested Action: The Head Teacher should ensure that: - a) Appropriate staff are provided with a copy of the latest guidance issued by the Authority in respect of VAT and lettings, a copy has been forwarded with this report for information and distribution. b) VAT is recovered where appropriate.		Implementation Date: 30 th April 2019	

3.3.2 *It was expected that letting agreements are held which are up to date and signed by the hirer and school representative as evidence of acceptance and compliance with the agreement terms and conditions.*

At the time of the audit the School has one current letting and one that had ceased during December 2018, but the school does not hold letting agreements for either hirer for the period covered by the audit. A letting agreement has been subsequently produced during the course of the audit for the active hirer, dated 28th March 2019.

There is a risk that lettings conditions cease to be enforceable in the absence of a lettings agreement.

Recommendation 5		Summary Response	
Risk Rating:	Medium Priority	Responsible Officer:	Kelly Minor - Headteacher
Summary of Weakness: Lettings agreements were not being completed.		Agreed Actions: The current lettings agreement has been signed by the hirer. Agreements will be signed for all future lettings and completed annually.	
Suggested Action: The Head Teacher should ensure that lettings applications and agreements are completed for all future lettings and these are subject to resubmission annually. Furthermore, the Head Teacher should ensure that a representative of the school signs all applications/agreements to demonstrate approval of the letting.		Implementation Date: 30 th April 2019	

- 3.3.3 *It was expected that letting applications include details of public liability insurance arrangements and have been approved by an appropriate individual. It was also expected that there is a separation of duties between the officer approving the letting and the individual collecting and banking the income.*

A discussion with the Office Manager confirmed that there were no procedures in place to ensure a current copy of the hirer's insurance certificate was obtained upon expiry of their previous insurance. Examination of the documentation for the School's two lettings, one of which ceased during December 2018, identified that neither had indicated if they would be using their own public liability insurance although copies of insurance certificates for each hirer were held on their respective files. The current hirer, Bee Active, had provided a copy of their latest insurance certificate during the audit as their previous insurance had expired on 24th March 2019, but this was noted to be employer's liability insurance rather than public liability. The insurance certificate held for the ceased hirer for yoga instruction expired on 20th October 2016.

There is a risk that the School may be subject to financial loss or challenge in the event of an accident if the hirer's public liability insurance cover is not appropriate.

Recommendation 6		Summary Response	
Risk Rating:	Medium Priority	Responsible Officer:	Kelly Minor - Headteacher
Summary of Weakness: Appropriate public liability insurance cover was not evidenced for lettings.		Agreed Actions: Appropriate public liability insurance has been provided by the hirer and this evidence is retained in the School records.	
Suggested Action: The Head Teacher should ensure that where the hirer has their own public liability insurance this is verified by a review of the insurance certificate.		Implementation Date: 30 th April 2019	

3.4 Purchase Cards

- 3.4.1 *It was expected that all purchase card transactions are relevant to the requirements of the school, are in accordance with procurement limits and are supported by appropriate supporting evidence. It was expected that all purchase card transactions are relevant to the requirements of the school, are in accordance with procurement limits and are supported by appropriate supporting evidence.*

Examination of the VAT claimed by the School for 57 purchase card transactions across all four cardholders for the period 4th April 2018 to 3rd January 2019 identified that seven transactions with a total VAT of £115.32 were only supported by an order confirmation. VAT can only be reclaimed where an appropriate VAT receipt/invoice is held and therefore £115.32 VAT should not have been reclaimed in these instances.

Failure to accurately account for VAT increases the risk of VAT being disallowed or a fine being levied.

Recommendation 7		Summary Response	
Risk Rating:	Low Priority	Responsible Officer:	Sharon Dawson – Office Manager
Summary of Weakness: VAT claimed in error for seven purchase card transactions.		Agreed Actions: Vat will only be recovered in suitable situations where a correct Vat invoice/receipt is retained. Vat invoices are to be provided by purchase card holders.	
Suggested Action: The Head Teacher should ensure that VAT is only recovered in appropriate circumstances (i.e. where a VAT invoice or receipt is held).		Implementation Date: 30 th April 2019	

3.5 Procurement

- 3.5.1 *It was expected that a register of pecuniary interests and pecuniary interest forms are completed and maintained, in accordance with the Pecuniary Interest Guidance. These should be reviewed and updated at least annually.*

It was identified that the list of pecuniary interests listed on the School's website includes a Governor who has since left his post.

A comparison made between the declarations of all Governors and staff against companies used to procure goods, found that there were two Governors and two staff declarations made. The School has used two companies where an interest had been declared by a Governor (GH regarding their consultancy business) and a staff member (AJ – regarding their Design Company). Although both are not directly involved with the School's procurement process, it is considered good practice for Governors to set financial limits for all businesses where a declaration has been made.

It was noted that the Head Teacher had declared an interest on their Governors declaration form that is not required to be publicised, however, they had not included details on their staff declaration form. The interest should also be included within their staff declaration form and details identified on the staff register.

Failure to keep the published register of interests up to date means the School does not comply with Pecuniary Interest guidance notes. Additionally, Governors/staff may have influence in placing contracts in which they have an interest and, as a consequence, contracts are not awarded fairly.

Recommendation 8		Summary Response	
Risk Rating:	Low Priority	Responsible Officer:	Chris Bratt – Chair of Governors
Summary of Weakness: The School's website does not reflect current Governors. Additionally, although Governors and staff members are not directly involved with the School's procurement process it is possible they may influence decision making processes and as such it is considered good practice for Governors to set financial limits for all businesses where any declaration has been made.		Agreed Actions: The published Governors register is to be updated on the website by the Chair of Governors. This is to be discussed at the Resources Committee meeting on 21 st May 2019.	
Suggested Action: The Head Teacher should ensure that the published register on the School's website is updated to reflect the current list of Governors. Additionally, Governors should set a financial limit for companies used by the School where a declaration of interest has been made. These limits should then be reviewed on an annual basis and staff should inform Governors when these limits are close to being exceeded.		Implementation Date: 21 st May 2019	

3.5.2 *It was expected that procurement activity has been undertaken in accordance with Procurement and Financial Regulations and the Scheme of Delegation.*

A review of a sample of ten purchase invoices identified that in nine cases quotations had not been sought in accordance with the Scheme of Delegation (ASM Sports £2,940, Cropper Grounds Maintenance £357.16, The Key £3,584, Bee Active £3,673.33, Minuteman Press £2,970, Newmarket Holidays £4,115.63, PGL £4,330, PHS £1,638, School Advisory Service £6,819.15). The School's Scheme of Delegation requires all procurement under £15,000 to have three written quotations.

Additionally, a review of a sample of ten purchase invoices identified that in eight cases purchase orders have not been raised prior to procuring goods or services (ASM Sports, The Key, Bee Active, Minuteman Press, Newmarket Holidays, PGL, PHS, School Advisory Services). This is not in accordance with Procurement Regulations and affects budget monitoring with commitments not being logged accurately.

There is a risk that value for money may not be demonstrated where quotations are not sought in accordance with the Scheme of Delegation. Additionally, the reliability/effectiveness of budgetary control processes are weakened where commitments are not recorded in the finance system.

Recommendation 9		Summary Response	
Risk Rating:	Medium Priority	Responsible Officer:	Chris Bratt – Chair of Governors
Summary of Weakness: Quotations not sought in accordance with the Scheme of Delegation for nine of the ten invoices tested. Additionally, purchase orders have not been raised for eight of the ten invoices tested.		Agreed Actions: The Scheme of delegation is to be amended specifically in regard to quotation limits. In future purchase orders are to be raised for procurement as per Financial and Procurement Regulations.	
Suggested Action: The Head Teacher should ensure that in future quotations are sought in accordance with the Scheme of Delegation. Governors may also wish to amend the Scheme of Delegation and introduce a quotation limit whereby quotations are required only if this limit is exceeded, i.e. three quotations will be sought for all procurement over £3,000. Additionally, the Head Teacher should ensure that orders are raised in accordance with the provisions of Financial Regulations (E8 and E9).		Implementation Date: 31 st May 2019	

Testing in relation to Secure-A-Field and the automatic School gates identified that the value of procurement was over tender thresholds at £17,898.01 excluding VAT. It was further identified that Governors have waived the requirement to tender at their meeting on 20th June 2018, which is in accordance with the School's Scheme of Delegation. The exemption was granted due to the delay which may be caused by a full tender process and the priority to make the School safe and secure. However, it could not be evidenced that a waiver form was completed and approved by Governors. In accordance with Procurement Regulation D6 which states:

'Governors may grant an exception to these regulations for contracts under £40,000 using the waiver form at Annex A. This must be taken to a Governor's meeting for approval and appropriately recorded before any contract is entered into.'

Non-compliance with Procurement Regulations D6 in relation to Secure-A-Field increases the risk that value for money is not demonstrated.

Recommendation 10		Summary Response	
Risk Rating:	Low Priority	Responsible Officer:	Chris Bratt – Chair of Governors
Summary of Weakness: It could not be evidenced that the exemption waiver form had been completed and approved by Governors in relation to Secure-A-Field and the automatic School gates.		Agreed Actions: In future an exemption waiver form will be completed should an exemption to tender be required and be approved by the Resources Committee. Procurement Regulations in respect of tenders will be followed and documentation retained.	
Suggested Action: The Head Teacher should ensure that Procurement Regulations are followed in relation to tenders and the exemption to tender process.		Implementation Date: 30 th April 2019	

3.6 Payroll Governance

3.6.1 *It was expected that an agreement is in place between the school and the payroll provider to confirm the accountabilities of each party.*

The School has an agreement with Stoke on Trent City Council Payroll Service for the period 1st April 2018 to 31st March 2019. However, a review of the agreement identified that the agreement has not been signed on behalf of the School.

There is a risk that management are not aware of the contract conditions, non-compliance with which may lead to additional costs.

Recommendation 11		Summary Response	
Risk Rating:	Medium Priority	Responsible Officer:	Kelly Minor - Headteacher
Summary of Weakness: The payroll contract with Stoke on Trent City Council has not been signed on behalf of the School.		Agreed Actions: The payroll contract for 2019/20 has been signed by the Headteacher. Future contracts to be signed and retained in accordance with the Scheme of Delegation	
Suggested Action: The Head Teacher should ensure that all future contracts are signed on behalf of the School in accordance with the Scheme of Delegation.		Implementation Date: 31 st May 2019	

3.6.2 *It was expected that access to the payroll system is restricted to appropriate personnel.*

It was confirmed by the Office Manager that access to the payroll system is restricted to herself alone. In the Office Manager's absence, the Head Teacher can liaise with Stoke Payroll Services who will process the payroll for the duration of the Office Manager's absence. However, to ensure sensitive data is sent securely and payroll is verified effectively, an additional officer should have access to the payroll system.

In the absence of the Office Manager a delay in payroll data input and limited payroll verification could result in employee salary errors and potential financial losses to the school.

Recommendation 12		Summary Response	
Risk Rating:	Low Priority	Responsible Officer:	Kelly Minor - Headteacher
Summary of Weakness: Only the Office Manager has access to the Stoke payroll portal.		Agreed Actions: The Headteacher will have logon access to the Stoke payroll system for use in the absence of the Office Manager. This has been requested from Stoke payroll. In the event of the Headteacher inputting into the payroll system authorisation will be countersigned by the Chair of Governors.	
Suggested Action: An additional appropriate officer should be identified and given access to the payroll system to ensure the School can input and access payroll data in the absence of the Office Manager.		Implementation Date: 31 st July 2019	

4 Minor Issues

During the course of this audit, Internal Audit have identified control issues which are considered to pose only a minor risk to the Organisation, as such, we have not raised formal recommendations for management to respond to and we do not intend to formally follow up any of these issues. Management is at liberty to take whatever action it deems necessary to mitigate the following minor risks:

4.1 Income and Banking

- From testing of break sales income received from three bankings sampled across the year, it was identified that there were daily minor discrepancies between income received from break sales and income recorded on the break sales registers. Although the weekly discrepancies identified were minor (26th-30th November £2.15 up, 8th-12th October £0.20 up and 30th April- 4th May £0.95 up), if these differences were averaged out and extrapolated over the School year this would result in a potential of £41.80 worth of discrepancies between income received and income recorded on break sales registers. It is advised that a review of the break sales income process is undertaken by the School in order to accurately track break sales income to source documentation.
- It was identified through discussions with the Office Manager that the reconciliation of the ParentPay system to the Integra Accounting system is not evidenced in the records of the school. In future the School should ensure that this reconciliation process is appropriately evidenced.

4.2 Lettings

- In reviewing the Lettings Policy, that was due to be presented to the next meeting of Governors on 3rd April 2019, it was identified that charges were specified as appearing at 'Appendix 1' when they are in fact on page three. The Head Teacher should ensure that this error is corrected.

4.3 Procurement

- It was noted that the Head Teacher had declared an interest on their Governors declaration form that is not required to be publicised, however, they had not included details on their staff declaration form. The interest should also be included within their staff declaration form and details identified on the staff register.

Disclaimer

The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. SCC neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

