



FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES

REVIEW OF DOWNE PRIMARY SCHOOL AUDIT FOR 2015-6

Issued to: Mrs S. Fuller, Headteacher
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Schools Finance Team

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REVIEW OF DOWNE PRIMARY SCHOOL AUDIT FOR 2015-6

INTRODUCTION

1. This report sets out the results of our systems based audit of Downe Primary School Audit for 2015-6. The audit was carried out in quarter one as part of the programmed work specified in the 2015/16 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the school's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 22 May 2015. The period covered by this report is from 1 June 2014 to 31 May 2015.

AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference.

MANAGEMENT SUMMARY

6. Controls were in place and working well in the areas of financial management including budget monitoring, financial reports and returns to the London Borough of Bromley and primary accounting documentation including income, contracts, bank reconciliations and school meal accounts. In addition, governance arrangements at the school including governor minutes, budget approval, business interests and updating DBS checks were also working effectively.
4. Our testing identified the following :-
 - Orders are not always raised at the time of commitment to spend
 - The scheme of financial delegation has not been approved by the Governing Body since 2013

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- The list of contracts and SLAs is not complete and the minutes of the Finance and Resources Committee do not confirm that it was presented to them for approval
- The asset register did not show all the serial numbers of laptops and cameras (this was pointed out and corrected during our visit)
- Members of staff sometimes use their own credit/debit cards to purchase items when necessary. The school should consider obtaining and using a purchase card.

SIGNIFICANT FINDINGS (PRIORITY 1)

5. There were no significant findings arising.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

6. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

AUDIT OPINION

7. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Opinion definitions are given in Appendix C.

ACKNOWLEDGEMENT

8. We would like to thank all staff contacted during this review for their help and co-operation.

MANAGEMENT ACTION PLAN

No.	Audit finding	Risk	Recommendation
1	The scheme of financial delegation was last approved by Governors in 2013. There has been a new Chair of the Finance Committee since then. It has not however been formally approved by the Governing Body since that time.	Financial delegation may not be adequate.	The current scheme of financial delegation is formally approved by the Governing Body and reviewed annually. [Priority 2]
2	A list of contracts and SLAs is maintained. It is presented to the Finance and Resources Committee in March each year and is signed off by the Chair Of Governors. The minutes of the meeting do not however show that it was presented, discussed and agreed. There is one contract for the London Grid for Learning which is not currently shown on the list and needs to be added.	Contracts may be let without following proper procedures and/or rolled over without proper approval.	The minutes of the Finance and Resources Committee meeting should record that the list of contracts and SLAs was presented, discussed and agreed. The contract for the London Grid for Learning should be added to the list. [Priority 2]
3	Our sample testing showed that orders had not been raised in advance in seven instances. These were for the London Grid for Learning, Treadgold Flooring, Chartwells, Edward Tyrell fencing, GJ Packman, Charmian Miran and NPower.	Commitments will not be shown on the budget monitoring information.	Ensure that orders are raised before invoices are received. For those suppliers where there is a contract in place, consider

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

No.	Audit finding	Risk	Recommendation
			raising an order at the start of the financial year for the estimated annual amount based on the contract price or previous year's total expenditure, so that there is an estimated amount of expenditure committed on the financial system in advance. [Priority 2]
4	One of the payments sampled was for flowers/chocolates purchased by the Senior Finance Officer for two students. On such occasions, staff use their own credit/debit card and reclaim the expenditure via the school's expenses system. A purchase card would preclude the need for this arrangement.	Payments may not be made in compliance with Financial Regulations and the school's own procedures. The Senior Finance Officer may not be made aware of expenditure incurred by school staff, leading to an inaccurate financial position.	The school should consider obtaining a purchase card. This would preclude the need for staff to use their own credit/debit cards and claim the expenditure back via the expenses system. [Priority 3]

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Priority 2
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Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

No.	Recommendation	Priority *Raised in Previous Audit	Management comment	Responsibility	Agreed Timescale
1	The current scheme of financial delegation is formally approved by the Governing Body and reviewed annually.	2	The scheme of financial delegation will be formally approved by the RFSPGP committee (finance) and approved by the Full Governing Body at the next following meeting. This will be done in Autumn term 2015 and then annually from Spring term (in line with budget setting procedures)	Headteacher Chair of Governors Chair of RFSPGP	Autumn term 2015
2	The minutes of the Finance and Resources Committee meeting should record that the list of contracts and SLAs was presented, discussed and agreed. The contract for the London Grid for Learning should be added to the list.	2	The list of the SLAs agreed will be formally recorded as accepted in the minutes of the RFSPGP committee annually (Spring term in line with budget setting procedures). The current list 2015-16 will be recorded in the minutes of the next meeting of RFSPGP (Autumn term 2015)	Headteacher & Finance officer, SAO to present to Governors. Chair of Governors Chair of RFSPGP	Autumn term 2015

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MANAGEMENT ACTION PLAN

No.	Recommendation	Priority *Raised in Previous Audit	Management comment	Responsibility	Agreed Timescale
3	Ensure that orders are raised before invoices are received. For those suppliers where there is a contract in place, raise an order at the start of the financial year for the estimated annual amount based on the contract price or previous year's total expenditure, so that there is an estimated amount of expenditure committed on the financial system in advance.	2	All orders as far as possible will be raised in advance and estimated orders are to be raised as suggested in audit feedback. (There were specific reasons for the payments without prior orders which were explained to the auditor at the time and he was satisfied with the explanations).	Finance Officer SAO	Autumn term 2015
4	The school should consider obtaining a purchase card for school use. This would preclude the need for staff to use their own credit/debit cards and claim the expenditure back via the expenses system.	3	Staff are requested to seek HT approval and an order is raised prior to spending. The acquiring of a school debit card will be investigated in Autumn term and a decision made (& approved by Governor RFSPGP committee)	Finance Officer SAO Headteacher Chair of Governors	Autumn term 2015

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Priority 2
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SCHOOLS OPINION DEFINITIONS

As a result of their audit work auditors should form an overall opinion on the extent that actual controls within the school provide reasonable assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the system and school procedures objectives tested.

Substantial Assurance

While there is a basically sound system and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the schools finances. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to Governors, material income losses.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse.