



**FINAL INTERNAL AUDIT REPORT**  
**EDUCATION CARE & HEALTH SERVICES**

**REVIEW OF BLENHEIM PRIMARY SCHOOL AUDIT FOR 2015-6**

**Issued to:** Lynda Doel, Headteacher  
Mary Cooke, Chair of Governors (final report only)  
Schools Finance Team, (final report only)

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## REVIEW OF BLENHEIM PRIMARY SCHOOL AUDIT FOR 2015-6

### INTRODUCTION

1. This report sets out the results of our systems based audit of Blenheim Primary School Audit for 2015-6. The audit was carried out in quarter 3 as part of the programmed work specified in the 2016 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 14 October 2015. The period covered by this report is from 12 November 2014 to 11 November 2015.

### AUDIT SCOPE

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

### MANAGEMENT SUMMARY

5. 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, bank reconciliations, purchase cards, imprest payments and school meal accounts. In addition, governance arrangements at the school including Finance Committee meetings, budget approval, and updating DBS checks were also working effectively.
6. Our testing identified the following :-
  - There were 2 instances where an order had not been raised and 8 instances where the order had been raised after the invoice had been received.

## REVIEW OF BLENHEIM PRIMARY SCHOOL AUDIT FOR 2015-6

- The list of contracts is not presented to governors each year to approve the continued use of suppliers with contracts and agreements that they want to roll over into the following year.
- Items are not security marked. The asset register showed that 4 out of the 6 ipads purchased in February 2015 had not been recorded. For the 2 ipads that had been recorded, the serial numbers shown in the asset register did not match the serial numbers shown on the invoice.
- Minutes of the Governing Body meeting held in December 2014 were not available and it was found subsequently that they had not been written.
- There were only 4 declaration of pecuniary interest forms completed in 2014/2015.

### SIGNIFICANT FINDINGS (PRIORITY 1)

7. There were no significant findings arising.

### DETAILED FINDINGS / MANAGEMENT ACTION PLAN

8. 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

9. 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

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	The list of contracts was seen and is up to date. The list is not however presented to governors each year to approve the continued use of suppliers with contracts and agreements that they want to roll over into the following year.	Contracts may be let without following proper procedures and/or rolled over without proper approval.	<p><b>The list of contracts/agreements is presented to governors annually to approve the continued use of those suppliers the following year.</b></p> <p><b>[Priority 3]</b></p>
2	All invoices had been paid within 30 days with appropriate authorisation and there was evidence of separation of duties in place. For expenditure over £5,000 we saw that 3 quotes had been obtained and if the chosen supplier was not the lowest quote, there was sufficient reason for this and it had governors' approval. There were, however, 2 instances where an order had not been raised and 8 instances where the order had been raised after the invoice had been received.	Payments may not be made in compliance with Financial Regulations and the School's own procedures.	<p><b>Ensure that orders are raised before the invoice is received so that expenditure is committed on the school's financial system.</b></p> <p><b>[Priority 2]</b></p>

**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**

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>The asset register was inspected and includes serial numbers and locations of items. There is also a signed staff user agreement for ipads. The register had been signed off by the headteacher on 24/11/15. From pre-audit questionnaire returned, items are not security marked. One ipad, equipment number 000207, is shown as missing. This was reported to the last meeting of the Governing Body. It went missing from the strongroom during the Summer holidays. This was not discovered until Sept when the school returned. All staff had access to the strongroom and could have been on site at some time during the holidays so it was impossible to identify when and how it went missing. Ipads have now been removed from the strongroom and kept secure in the Admin Office, where there is limited access. The asset register showed that 4 out of the 6 ipads purchased in February 2015 had not been recorded. From the 2 ipads that had been recorded, the serial numbers shown in the asset register did not match the serial numbers shown on the invoice.</p>	<p>If a register of assets is not maintained and kept up to date assets may not be identified in the event of losses through theft or fire..</p>	<p><b>Ensure that items are security marked and review the asset register for completeness and accuracy, showing the correct details and locations of all items including four of the ipads purchased in February 2015 which were not recorded.</b>  <b>[Priority 2]</b></p>
4	<p>Minutes of the Governing Body meeting held in December 2014 were not available and had not been written. This was not picked up because the subsequent Governing Body meeting held in February 2015 was a 'Special' one.</p>	<p>Without signed and agreed minutes there is no formal record of the decisions taken by Governors.</p>	<p><b>Ensure that all Governing Body meetings are documented in future.</b>  <b>[Priority 2]</b></p>

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	The folder of annual declarations of interest showed that there were only 4 declarations of pecuniary interest forms completed in 2014/2015.	Decisions may be made by staff or governors who have a vested interest in the outcome.	<b>Ensure that all staff and governors complete a declaration of interest form.</b> <b>[Priority 2]</b>

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

**Priority 3**  
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	The list of contracts/agreements is presented to governors each year to approve the continued use of those suppliers the following year.	3	This will be presented to Governors in the Spring Term at the Finance & Personnel meeting and going forward, on a yearly basis.	School Business Manager	Next Finance & Personnel meeting
2	Ensure that orders are raised before the invoice is received so that expenditure is committed on the school's financial system.	2	All SLT and office staff have been advised about the importance of informing the Finance Officer of any orders that need placing or purchases made so the Finance Officer can raise a purchase order in advance.	All staff	Immediately
3	Ensure that items are security marked and review the asset register for completeness and accuracy, showing the correct details and locations of all items including four of the ipads purchased in February 2015 which were not recorded.	2	The Finance Officer has sourced a company called Select-A-Mark who the school will be using to security mark all our assets. The asset register has been reviewed and the 4 ipads have been added.	School Business Manager	Spring Term

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 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

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
4	Ensure that all Governing Body meetings are documented in future.	2	We now have a full time Governor's Clerk responsible for documenting and filing all minutes, a signed copy of all Governors meetings will be retained in school.	Clerk to the Governors	Immediately
5	Ensure that all staff and governors complete a declaration of interest form.	2	This has now been completed for all staff, copy retained and sent to the clerk.	Senior Admin Officer	Completed

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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.