

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

FOLLOW UP REVIEW OF RED HILL PRIMARY SCHOOL
2015/16

Issued to: Miss C Butcher, Headteacher

Cc: Mrs W Andrews, Chair of Governors (final only)
Schools Finance Team (Final only)

Prepared by: Principal Auditor

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INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Red Hill Primary School. The audit was carried out in quarter four 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 department'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.

AUDIT SCOPE

3. This follow up review considered the Internal Audit report finalised on 28th April 2015 and the progress made to implement the 6 recommendations.

MANAGEMENT SUMMARY

4. At the site visit on the 3rd March 2016 the Finance Manager and School Business Manager satisfactorily evidenced implementation of the 6 recommendations, as detailed in Appendix A. No new issues were arising, although it should be noted that hard copy documents such as the certified asset register should include the print date and any contract monitoring meeting notes should be scanned and stored on a shared area.

SIGNIFICANT FINDINGS (PRIORITY 1)

5. There are no priority one findings to report.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

6. Appendix A provides information on the recommendations that are being followed-up and the definitions of the priority categories.

ACKNOWLEDGEMENT

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

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
1	Review and update the Scheme of Delegation and present to the Governing Body for approval. This document, as with all policies should be reported to Governors annually.	Scheme of Delegation had been updated in 2010. Discussed at resources committee 3/3/15. To be updated and scheduled for annual review alongside the SFVS review in March.	April 2015	2	Finance Manager(FM)/School Business Manager(SBM) Chair of Finance/Resources Committee	Scheme of Delegation reported to Resources Committee June 2015 and scheduled to be represented to the summer term meeting 2016. Hard copy of the policy signed by the Head Teacher 2016.	Implemented
2	A hard copy of the asset register should be printed off each year for the Head Teacher to certify. The asset register produced is a comprehensive document that is a good base for the school to maintain as an inventory; all new purchases to be added and deletions to be controlled by the office. It is suggested that annually the school take a sample of items to physically check to	Asset register has been printed off and has now been signed by (HT) Annual stock take of classroom furniture/equipment to be undertaken in Easter holidays. Analysis of stocktake and development of programme of replacement Highlight a random 10% sample to physically check Order new/replacement furniture	May 2015	2	FM/Head Teacher(HT) Caretaker(CT) SBM FM	Hard copies of the asset register for 2014 and 2015 were signed by the H/T. It is suggested that the print date be shown on the certified copy. Three areas were selected for a stock takecheck undertaken by the Caretaker in September 2015. All items listed for the ICT suite, cleaners store room and 1 classroom were checked and agreed.	Implemented

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	<p>support the declaration that the asset register is accurate and complete. A manual loans book would be a more effective record of temporary movement of assets on and off site. Staff should sign for each item removed. Periodically the office should confirm the status of any long outstanding items and check prior to any staff leaving the school.</p>	<p>Introduce manual loans book for all staff – ensure this information is included in Staff Handbook</p> <p>Annual stocktake of all equipment to be undertaken last week of June</p>			<p>FM</p> <p>SBM/FM</p>	<p>Moveable asset items such as i-pads and lap tops are also recorded in a record held by the office. Staff are required to sign for each item allocated and will be reviewed in July. The folder also contains the policy document for correct usage and safeguarding of school property. A separate section records temporary movement of assets off site effectively the manual loans book.</p>	
3	<p>The contract register should detail all contracts and agreements held by the school and ensure that there is a current copy of that contract, signed by both parties. identifying a lead officer for each contract will promote ownership and facilitate effective</p>	<p>Contract register has been written. Now need to ensure we have signed copies of all contracts and SLAs.</p> <p>Planned programme of review</p>	April 2015	2	<p>SBM</p> <p>SBM</p>	<p>The contract register is now a comprehensive record of all contracts and agreements held by the school.</p> <p>The BSM is the nominated contract owner and maintains the register as a moving document.</p> <p>The BSM evidences contract monitoring an example being the weekly meeting with contractor A, the IT support provider. These meetings discuss work to be</p>	Implemented

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	<p>contract monitoring.</p> <p>The school should identify financial terms and conditions of a contract to ensure that payments are in line with that agreement.</p> <p>The contract register should be reported Governors annually to approve rolling year on year contracts. The register is also to be used as a planning tool to identify contracts due to expire and ensure action is taken to either terminate, extend or retender in a timely manner.</p> <p>The school should consider the possible cost benefits of negotiating contracts for longer periods rather than annual contracts.</p>	<p>Annual analysis of contracts against best value report to Resources Committee</p> <p>Contract register added to Resources Committee agenda for first meeting each term to plan action necessary for any contract renewals.</p>			<p>SBM/FM</p> <p>SBM/Clerk to the Governors</p>	<p>undertaken issues arising and records the fault log. It is suggested that any notes of these meetings be scanned and stored in a shared area.</p> <p>The contract register was reported to Resources 2015, however there is a standing item on each agenda to identify contracts approaching renewal, allowing Governors sufficient time to consider action.</p> <p>The contracts have been subject to market testing, a recent example being the grounds maintenance contract. Similarly length of contract has also been considered but needs to be in line with other long term plans for the school.</p>	

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4	<p>The scheme of delegation should be reviewed and updated to consider the new office structure, financial limitations within Financial Regulations and the use of the purchase card. The scheme of delegation should be approved by Governors and then reported annually as a standard item.</p> <p>All expenditure should be supported by an authorised order or contract, specifying the terms and conditions of payment.</p> <p>Expenditure exceeding £5K must be supported by 3 competitive quotes sourced from separate suppliers. The quotes should be available on site and any variation to the</p>	<p>Scheme of Delegation to include: Use of school credit card and associated financial limits along with review of cardholders Addition of School Business Manager to SoD.</p> <p>Ensure all staff are clear that services also need three competitive quotes and this should be planned into the contract register.</p>	April 2015	2	<p>H/T SBM/FM</p> <p>SBM/FM</p>	<p>As discussed in 1 above scheme of delegation, reviewed, updated and agreed by Governors.</p> <p>FO confirmed that a purchase order is raised in all appropriate cases. This was a minor finding in the original report given it related to 1/20 payments tested.</p> <p>The original finding related to quotes sourced by the property management contractor; project documentation is now complete.</p>	Implemented

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	<p>original specification should be clearly documented and authorised.</p> <p>Rolling year on year contracts should be subject to periodic market testing to evidence value for money in a competitive market. A signed copy of a service level agreement should be available on site. All financial terms should be available to the FO to ensure invoices reflect agreed terms.</p> <p>Regular review of the contract register should ensure that contracts are retendered or formally extended in a timely manner.</p> <p>Variations to project specifications should be adequately</p>	<p>Now built into contract register and part of annual best value analysis.</p> <p>All invoices will be checked against original quotation/tender – where there is a difference, invoices will be annotated and</p>			<p>SBM/FM</p> <p>FM/Chairs of Finance/Resource Committees</p>	<p>The original finding related to the SLA with the Property Management contractor, the 10% discount was correctly applied.</p> <p>The contract register has been discussed in recommendation 3 above.</p> <p>FM and BSM confirmed that variations to order are now annotated and authorised to</p>	

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	<p>documented to support payment.</p> <p>Payments should be made within 30 days of the invoice date.</p> <p>The scheme of delegation should ensure adequate provision of authorising officers to ensure that the Head teacher does not sign the invoice having certified the order. Financial Regulations with regard to separation of duties must be adhered to.</p>	<p>where there is a significant difference (level to be agreed by resources committee) – authorisation from resources governors will be sought.</p> <p>This related to one incident where the quality of product was being queried with the company. Records of the query will be kept with the invoice for future reference.</p> <p>This happened on one occasion. In future, another member of staff will be asked to countersign.</p>			<p>H/T/FM</p> <p>FM</p>	<p>provide an adequate audit trail. Officers cited the recent refurbishment of the school hall as a project that had been varied.</p> <p>The scheme of delegation has been revised to include the SBM, financial limits, offers adequate separation of duties for authorising officers and is compliant to Financial Regulations.</p>	

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5	The school should ensure that all hirers complete an application form that is then authorised by the Headteacher. The school should ensure that the letting is supported by adequate insurance. As the lettings function is developed, the school should ensure that hirers pay in a timely manner, prior to the let or at agreed payment dates for termly lets.	The lettings process is being reviewed to ensure application form is signed. Process to include: Review of insurance provision; Review of induction procedures for new hirers; Established agreed payment dates and monitoring of payments;	May 2015	2	SBM/FM/HT	The lettings policy and fees and charges was reported to Resources Committee November 2014. Currently being reviewed and will be on the agenda for the 23/3/16 meeting. The school will consider revised fees to reflect areas for hire in the school. Hirers currently pay a charge based on actual pupil attendance and then raise the invoice. Based on the usage data collected over the last 12 months of operation the BSM will review income and consider collecting a fixed fee in advance, eliminating the admin costs of checking the registers. Current lettings folder was reviewed and evidenced that applications were signed by the H/T and a copy of public liability insurance attached.	Implemented
6	Review the unreconciled items list and investigate any payments exceeding 6 months to either reissue or write back to school funds.	Now built into monthly bank reconciliation returns	3	April 2015	FM	Bank reconciliation for January 2016 reviewed and confirmed that there were no unreconciled cheques over 6 months.	Implemented

Definition of priority categories.

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**