



FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES

REVIEW OF RIVERSIDE SCHOOL AUDIT FOR 2015-6

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Date of Issue: 14th December 2015
Report No.: ECH/SP4/01/2015

REVIEW OF RIVERSIDE SCHOOL AUDIT FOR 2015-6

INTRODUCTION

1. This report sets out the results of our systems based audit of Riverside School Audit for 2015-6. The audit was carried out in quarter 3 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 14th October 2015. The period covered by this report is from 30/10/2014 to 01/11/2015.

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 information and financial reporting to governors, primary accounting documents, expenditure incurred, income received, voluntary funds held, payroll records and governance arrangements.

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6. However we would like to draw to Management's attention that fifteen instances from our sample testing were identified where orders had not been raised in advance of expenditure so commitments could be recorded on the school's financial system prior to payment being made.
7. A register of assets is not maintained completely up to date.
8. We noted that the school meals debt is high i.e. £1,919 although the school is awaiting awards of free school meals claims that will reduce the debt, and that one debt with LB Bexley for funding for a pupil has not yet been received two months after the term has commenced and two invoices each with LB Croydon and LB Hammersmith and Fulham for a total £65,023.98 remain outstanding 4 months after being issued.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. No significant findings were identified during the review.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

10. 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

11. 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

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Testing of a sample of 20 payments made found that for all payments an appropriate purchase order has been raised, there have been three people involved in the payment process. VAT has been correctly paid where due and VAT numbers were contained on invoices were charged. All Payments were made within 30 days and tenders and quotes obtained where required. In the 4 instances where quotes were not obtained for expenditure over £5000, these were reported to Governors for approval and a reason given why they could not be obtained.</p> <p>It was found that 15 of the 20 purchase orders raised were done so either on the date of the invoice or after.</p>	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p>	<p>Purchase orders should be raised when the decision has been taken to procure a service/item. [Priority 2]</p>
2	<p>An asset register is held by the school on a separate system. It records the item description, location, serial number, acquisition date and cost, date of last inspection and asset number. Each asset the school has is given a barcode label attached to it. Barcodes are scanned as asset checks are carried out to certify they are still held. System access is limited. All items are security marked and asset registered. It was noted during the audit that some items have not been scanned since the system was set up in 2013.</p>	<p>A register of assets is not maintained and up to date.</p>	<p>The school should consider reviewing all assets annually in accordance with School's Financial Regulations. [Priority 3]</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Purchase orders should be raised when the decision has been taken to procure a service/item.	2	Every effort is made to ensure that all commitments are entered as a purchase order at the time of commitment. Additional attention will be given to ensuring all commitments are logged as purchase orders including estimates for monthly and quarterly generated invoices.	SBM/Finance Officer	Ongoing
2	The school should consider reviewing all assets annually in accordance with School's Financial Regulations.	3	The school has a comprehensive and effective asset tracking system in place which records significant numbers of items for insurance purposes such as furniture that do not need checking annually. Annual checks as well as spot checks via a bar code reader are completed on all appropriate items. Unfortunately, not all information had been uploaded to the system prior to the audit which gave a misleading impression of checks. Recording of asset numbers on	SBM/IT Administrator	Ongoing

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			purchase paperwork and additional checks to ensure data has been uploaded will be completed.		

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.