



**FINAL INTERNAL AUDIT REPORT  
EDUCATION AND CARE SERVICES**

**REVIEW OF BROMLEY ROAD PRIMARY SCHOOL AUDIT FOR 2016-17**

**Issued to:** Mrs Karen Minnis, Head Teacher

**Cc:** Mr Stuart Dixon, Chair of Governors  
Schools Finance Team (Final Report Only)  
Jane Bailey, Director for Education (Final Report Only)  
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**Prepared by:** Principal Auditor

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## REVIEW OF BROMLEY ROAD PRIMARY SCHOOL AUDIT FOR 2016-17

### INTRODUCTION

1. This report sets out the results of our systems based audit of Bromley Road Primary School Audit for 2016-17. The audit was carried out in quarter Q4 as part of the programmed work specified in the 2016-17 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 20/12/2016. The period covered by this report is from 01/01/2016 to 30/01/2017.

### 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 being provided
  - Asset Controls
  - Governance Arrangements

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6. However we would like to bring to Managements attention the following issues:
- Purchase orders are not always being raised before the commitment to purchase.
  - The school has checked the employment status of two individuals who are self-employed and have been paid via invoices. The check has not been signed off by the Head Teacher.

It was also identified that at the time of the audit, the total income collected was 84% of total expected amount, whilst expenditure was only 64%. Within the expenditure only £17,672 of £98,000 budget for building maintenance has been spent and only £1,709 of £26,900 for grounds maintenance.

### SIGNIFICANT FINDINGS (PRIORITY 1)

7. No significant findings were identified.

### 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	<p>Testing of a sample of 20 items of expenditure found that for 2 payments an individual is being paid. The School has carried out the HMRC check on these individuals, who are self-employed, however the check has not been signed off.</p>	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p>	<p><b>The school should consider reviewing contractors subject to the HMRC Self-assessment regularly and signing off confirmation that it has been completed, once it is done</b>  <b>[Priority 3]</b></p>
2	<p>Testing of a sample of 20 payments, 8 of them were over £5000. Of these at least 3 quotes were received for two items, though in one instance only 2 were received (sample 6). In the other 5 instances, two were part of a consortium, one was for a specialist piece of equipment and 2 were payments to LBB and LBB's Exchequer Contractor.</p> <p>Purchase orders were raised for all 20 items of expenditure, though for 5 of these they were raised post the commitment to purchase (samples 5, 8, 9, 15 and 20).</p> <p>All invoices were paid within 30 days and in 19 cases at least 3</p>	<p>Payments may not be made in compliance with Financial Regulations and the Schools own procedures.</p>	<p><b>Purchase orders should be raised when the decision has been taken to procure a service/item.</b>  <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
	people were involved with payment of invoices. In one instance (sample 2) only 2 people were involved.  VAT was appropriately accounted for.		

**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

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	The school should consider reviewing contractors subject to the HMRC Self-assessment regularly and signing off confirmation that it has been completed, once it is done	3	Self-assessments signed and dated. Annual review cycle established	Head Teacher School's Finance Officer	Summer term 2017
2	Purchase orders should be raised when the decision has been taken to procure a service/item.	2	All staff reminded that purchase orders must be raised as soon as the decision to undertake spending has been made.	School's Finance Officer	March 2017

**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

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.