

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

FOLLOW UP REVIEW OF DOWNE PRIMARY SCHOOL
2016/17

Issued to: Mrs S Fuller, Headteacher

Cc: Mrs D Allum, Senior Admin and Finance Officer
Jane Grant, Chair of Governors (final report only)
Schools Finance Team (final report only)
Jane Bailey, Director of Education (final report only)
Ade Adetosoye, Executive Director of ECHS (final report 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 Downe Primary School. The audit was carried out in quarter four 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 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 issued on 28th August 2015 and the progress made to implement the 4 recommendations.

MANAGEMENT SUMMARY

4. Prior to our audit visit we obtained a download of the bank history for the six month period prior to our audit visit. We were pleased to see that there had been a significant improvement in the raising of purchase orders, but there were instances where purchase orders had not been raised. From subsequent discussion with the Headteacher and Finance Officer it was agreed that all staff will be reminded of the need to raise a purchase order before an invoice is received.
5. There are two new recommendations which arose from our testing. These relate to the need to undertake the HMRC self-assessment for those individuals who provide additional resources to the school and one of the teachers needing to update her pecuniary interests form to include the fact that her husband provides music tuition to pupils at the school.

SIGNIFICANT FINDINGS (PRIORITY 1)

12. There were no Priority 1 findings identified during our original audit and none were identified during this follow up visit.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

13. Appendix A provides information on the recommendations that are being followed-up and the status following the audit review. Any new findings and re recommendations are detailed in Appendix B of this report and require management comment. Appendix B also gives definitions of the priority categories.

ACKNOWLEDGEMENT

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

Appendix A

No	Recommendation (Internal Audit report August 2015)	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
1	The current scheme of financial delegation is formally approved by the Governing Body and reviewed annually.	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)	Autumn term 2015	2	Headteacher. Chair of Governors. Chair of RFSPGP	The scheme of financial delegation was presented to and approved by the RFSPGP Committee and then ratified by the full Governing Body at the meetings held in the Autumn Term 2015. It was reviewed and approved again by those Committees in the Spring Term 2016. No changes were required. It will be presented again at the RFSPGP meeting to be held on 11 May 2017.	Implemented

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No	Recommendation (Internal Audit report August 2015)	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
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.	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)	Autumn term 2015	2	Headteacher & Senior Admin and Finance Officer. SAO to present to Governors. Chair of Governors. Chair of RFSPGP	The list of contracts and SLAs was updated, signed off by the Headteacher and presented to the RFSPGP Committee and then ratified by the full Governing Body at the meetings held in May 2016. It is currently being updated and will be presented again at the RFSPGP meeting to be held on 11 May 2017.	Implemented
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	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).	Autumn term 2015	2	Senior Admin and Finance Officer	We obtained a download of the bank history for the six month period prior to our audit visit. We were pleased to see that there had been a significant improvement in the raising of purchase orders, but there were instances where purchase orders had not been raised. From subsequent discussion with the Headteacher and Finance Officer it was agreed that all staff will be reminded of the need to raise a purchase	Re-recommended below

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No	Recommendation (Internal Audit report August 2015)	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
	advance.					order before an invoice is received.	
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.	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).	Autumn term 2015	3	Senior Admin and Finance Officer. Headteacher Chair of Governors	Following consultation by the school with the Schools Finance Team, the school decided not to obtain a purchase card for school use.	Implemented with no further action necessary

No	Re-recommendation	Priority	Management Comment	Responsibility	Target Date
1	<p><u>Finding</u></p> <p>We obtained a download of the bank history for the six month period prior to our audit visit. We were pleased to see that there had been a significant improvement in the raising of purchase orders, but there were instances where purchase orders had not been raised.</p> <p><u>Recommendation</u></p> <p>All staff should be reminded of the need to raise a purchase order before an invoice is received.</p>	2*	<p>The Senior Admin and Finance Officer has worked hard to ensure that purchase orders are raised in advance. We will continue to work on this.</p> <p>All staff will be reminded of this policy at the staff meeting in May 2017. We will re- remind people regularly, at least termly in formal meetings. The Senior Admin and Finance Officer will continue to remind staff informally as she has done.</p>	Head Teacher and Senior Admin and Finance Officer	May 2017 ongoing

No	New recommendation	Priority	Management Comment	Responsibility	Target Date
2	<p><u>Finding</u></p> <p>One of our sample of payments from the bank history, where a purchase order had not been raised, was for lessons provided by a musical instrument tutor. We found out that he is the husband of one of the teachers at the school. Examination of her completed pecuniary interest form showed that this interest had not been declared.</p> <p><u>Recommendation</u></p> <p>The teacher concerned should complete a new declaration of pecuniary interest form, declaring that her husband is a musical instrument tutor at the school.</p>	2	This has now been completed.	Head Teacher Senior Admin and Finance Officer	May 2017

No	New recommendation	Priority	Management Comment	Responsibility	Target Date
3	<u>Finding</u> We noted that there were a number of payments to individuals, including the musical instrument tutor. From discussion with the Headteacher and Finance Officer we confirmed that the HMRC self-assessment questionnaire has not yet been completed for these individuals. <u>Recommendation</u> The HMRC self-assessment questionnaire is completed, prior to the engagement of additional resources, to confirm the employment status as either self-employed or payroll. This assessment will need to be retained as supporting documentation and liable to inspection.	2	We know that we need to ensure that any staff not on the payroll complete the HMRC self-assessment and this will be implemented.	Senior Admin and Finance Officer and Headteacher	End of term July 2017

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