

**FINAL INTERNAL AUDIT REPORT**  
**EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT**

**FOLLOW UP REVIEW OF MARJORIE MCCLURE SCHOOL**  
**2016/17**

**Issued to:** Mrs D James-Mason, Head Teacher  
Mrs D Packer, School Business Manager  
Mr P Knowles, Chair of Governors (final only)

**CC:** Ade Adetosoye, Deputy Chief Executive, Executive Director of ECHS (final only)  
Jane Bailey, Director of Education (final only)  
SFT (final only)

**Prepared by:** Principal Auditor

**Date of Issue:** 31st July 2017  
**Report No.:** ECH/SP4/01/2016

## **INTRODUCTION**

1. This report sets out the results of our systems based follow up audit of Marjorie McClure School. The audit was carried out on the 9<sup>th</sup> May 2017 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 finalised on the 19<sup>th</sup> January 2016 and was limited to identifying progress made to implement the 6 recommendations.

## **MANAGEMENT SUMMARY**

4. At the site visit on the 9<sup>th</sup> May 2017 audit testing and supporting documentation satisfactorily evidenced implementation of the 6 recommendations relating to the IT asset register, governor approval of the scheme of delegation, declaration of interests for Governors, processing invoices, purchase card reconciliation and extending the contract register. The sample of 5 payments selected to test the expenditure process identified 1/5 that was not supported by a purchase order prior to the invoice date. A new recommendation has been made specific to orders being raised as the expenditure is committed.

## **SIGNIFICANT FINDINGS (PRIORITY 1)**

5. There are no priority one findings to report.

## **DETAILED FINDINGS/MANAGEMENT ACTION PLAN**

6. Any new findings and re recommendations are detailed in Appendix B of this report and require management comment. Appendix A provides information on the recommendations that are being followed-up and Appendix C give 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 and Responsibility	Follow-up comments	Status
1	<p>The asset register for IT equipment should be secured on the shared area by applying password protection to the document. [Priority 3]</p> <p>Raised with Assistant Headteacher, they will ensure only assessment room staff have access, and password protect it.</p>	<p>Assistant Head</p> <p>April 2016</p>	<p>The School Business Manager confirmed that access to the IT asset register has been restricted and that the document is password protected.</p>	<p>Implemented</p>
2	<p>The Scheme of Delegation should be presented to Governors annually to minute their approval of the document. [Priority 3]</p> <p>Discussed at governors focus meeting 18.1.16, and at previous SLT meeting</p>	<p>Admin Team</p> <p>September 2016</p>	<p>The Scheme of Delegation was revised in October 2016 and reported to the Finance meeting of the 17/10/16</p>	<p>Implemented</p>
3	<p>The Finance Committee must include a non-staff Governor to ensure an adequate level of scrutiny from an external Governor, independent to the school.</p> <p>All governors, who have not already completed a pecuniary interest form, should be asked to complete the declaration annually. A copy of the form should be held on site. [Priority 2]</p> <p>At governors focus meeting 18.1.16 the Chair of Governors agreed to be on this committee</p>	<p>Governors and Admin Team</p> <p>January 2016</p>	<p>The Chair of Governors now attends and chairs the Management Focus Group.</p> <p>Committee minutes now record that governors are given the opportunity to declare pecuniary interests at each meeting.</p> <p>At the site visit on the 9.5.17, 10 pecuniary interest forms for governors were evidenced. All had been signed, dated (October 2016), there were no declarations and the relevant sections had been completed as "none". School Business Manager confirmed that the forms will be completed annually.</p>	<p>Implemented</p>

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
4	<p>The school should evidence adequate separation of duties, specifically for non-order payments.</p> <p>Any variation to the original order should be detailed on the purchase order to evidence an adequate audit trail.</p> <p>The correct procedures should be followed to process pro forma invoices.</p> <p>The supplier invoice should comply with standard accounting conventions and record a unique reference number. [Priority 2]</p> <p>Discussed at governors focus meeting 18.1.16. This will be reviewed as we have limited signatories.</p> <p>Point ii) and iii) of the recommendation noted.</p> <p>Providers will be told again, we will not accept invoices without an invoice no.</p>	<p>Governors September 2016</p> <p>School Business Manager January 2016</p>	<p>A sample of 5 payments was selected for audit examination from the bank history (September 2016 to April 2017)</p> <p>The orders, invoices and supporting documentation were checked to ensure compliance to Financial Regulations and authorisation procedures; payment within 30 days of the invoice date and where relevant evidence of an adequate audit trail to support the payment.</p> <p>There were no issues arising with the sample with regard to the previous recommendation and is therefore considered implemented. However for 1/5 payments (Contractor A £2,400), a purchase order had not been raised as the expenditure was committed. The Headteacher and Assistant Headteacher had authorised the request for payment form on the 19/9/16 to support the invoice received on the 15/9/16. A new recommendation is detailed at Appendix B</p>	Implemented

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
5	<p>The security and financial management of the purchase cards is well controlled, however the reconciliation of the statement to the authorised requisition and supporting documentation should have identified the error.</p> <p>It is suggested that all staff be reminded that when using an on line supplier, they should consider postage costs and the location of the supplier for recovering VAT, both of which would have value for money implications. [Priority 3]</p> <p>On-off error on manual record. Computer record was correct.</p> <p>All staff reminded. No payments reimbursed without vat invoice</p>	<p>School Business Manager January 2016</p>	<p>The purchase card statement for February 2017 was selected for audit examination. There were 11 transactions detailed, totaling £309.77.</p> <p>The Headteacher had authorised all procurement card requests and the summary sheet of transactions and budget coding. The School Business Manager signs off the summary sheet as the card holder.</p> <p>All transactions were supported by documentation, had been authorised and VAT had been separated where appropriate.</p>	<p>Implemented</p>

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
6	<p>The contract register should detail all contracts and agreements held by the school. The start and end date will enable Governors to identify contracts due to expire and ensure action is taken to terminate, extend or retender in a timely manner.</p> <p>Identifying a lead officer for each contract will promote ownership and facilitate effective contract monitoring. [Priority 2]</p> <p>Contracts are only rolled over after governor approval, either at the beginning of financial year or academic year. Most contracts are annual. This is minuted.</p> <p>School business manager is the lead officer for all contracts but discussion/liason takes place with those who are involved in the contracts, i.e. I.T. P.E.</p>	<p>School Business Manager</p> <p>July 2016</p>	<p>The School Business Manager evidenced the current contract register. The document has been extended to include start and end dates and information available to Governors to identify timely decisions for contracts and agreements held by the school.</p>	<p>Implemented</p>

No	New recommendation	Priority	Management Comment	Responsibility	Target Date
1	<p>The school should remind all staff procuring goods and services that the School Business Manager be advised of planned expenditure to allow a purchase order to be raised and authorised.</p> <p>Emergency orders made outside of office hours should be referred to the School Business Manager the next working day to facilitate the agreed expenditure process.</p>	2	An email was sent to all staff to remind them of this on 6.6.17.	School Business Manager	June 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