

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

FOLLOW UP REVIEW OF POVEREST PRIMARY SCHOOL
2016/17

Issued to: Mrs S Weeks, Headteacher
Mrs. M. Booker, Chair of Governors
Trina Sweeney, Finance Officer

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

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INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Poverest 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 finalised on the 12th February 2016 and was limited to identifying progress made to implement the 3 recommendations.

MANAGEMENT SUMMARY

4. At the site visit on the 8th May 2017 audit testing and supporting documentation satisfactorily evidenced implementation of the 3 recommendations, as detailed in Appendix A. There are two new recommendations detailed at Appendix B:-
 - the need for an adequate audit trail to support financial decisions
 - completion of the HMRC questionnaire for all providers claiming self-employed status

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>Head teacher should ensure that the asset register contains all items worth over £1,000 or desirable and portable. [Priority 2]</p> <p>The missing 30 ipads were on the asset register - they hadn't been allocated to a room at that point.</p>	<p>Headteacher February 2016</p>	<p>A hard copy of the asset register printed on the 24.3.17 was evidenced. This document had been initialed by the Headteacher but it is suggested that the Headteacher signs in full and dates the front sheet of the report.</p> <p>The asset register is on FMS; it was evidenced that the location of each item was available on the asset register but was set up under category and therefore required to be in the item record to see the location. The I-pads identified in the original audit were evidenced on the asset register and the location specified.</p>	<p>Implemented</p>
2	<p>The school should ensure that quotations and tenders where applicable are sought for work which is expected to be over £5000. [Priority 2]</p> <p>Noted – we will now get quotes for works under £5000 incase repeated orders should amount to this.</p>	<p>Headteacher February 2016</p>	<p>A sample of 4 payments was selected from the bank history for the period 1/9/16 to 24/4/17. The main issues arising were:-</p> <ul style="list-style-type: none"> • A payment of £7,200 to Contractor A related to the teaching fee for a member of staff. The school had agreed to process the payment and for the net cost of £6,000 to be paid by the staff member. This was included in the February 2017 budget monitoring report but has not been minuted as agreed by Governors. There should be an adequate audit trail and the minutes of governor meetings should reflect discussions and decisions to support financial actions. The debtors invoice raised on the 23/1/17, the income posted on the 10/2/17. The Finance Officer confirmed that Governors had agreed to process. • A payment of £15,665 to Contractor B related to work/equipment for the sensory and calming rooms. The school had not sourced competitive quotes for this specialist provision and the Chair of Governors and the Chair of Finance had signed the invoice and the application to purchase respectively. To be an effective waiver the reason for non compliance to competitive tendering should be stated on the supporting documentation for governors to authorise. <p>All four payments complied with the procedures and agreed good practice in terms of timeliness, separation of duties and supporting documentation.</p> <p>The original finding had related to cumulative spend and the need for the school</p>	<p>New Recommendation</p> <p>Implemented</p>

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
			<p>to consider compliance to Financial Regulations if expenditure exceeds thresholds. Spend with two suppliers, for the 6 month period examined, was checked with the Finance Office;-</p> <ul style="list-style-type: none"> • Contractor C £31.7K related to the refurbishment of two rooms for the provision of a nursery; the school confirmed that the work was part of a capital scheme managed by Strategic Education Capital & Client Services (SEC&CS). E-mail exchanges between the school and SEC&CS evidences that the school was responsible for the procurement of this element of the project and had sourced 4 quotes; the lowest was awarded the contract. • Contractor D £21K is the IT provider and the payments are supported by a contract. <p>Since the audit visit in 2015/16 schools have been advised to check and verify payments to named individuals to comply with HMRC regulations. A sample of three payments was selected from the bank history and checked to the supporting documentation held at the school. For 2/3 providers the HMRC online assessment had been completed in June 2016 and supported a self employed status. It is suggested that the Headteacher sign and date the hard copy assessment and that the assessment be completed annually as the questionnaire is updated and changed.</p> <p>For 1/3, Contractor E (3 payments of £585) no assessment was evidenced; the Finance Officer will complete the questionnaire.</p>	<p style="text-align: center;">New recommendation</p>

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
3	<p>A copy of contract for catering should be obtained and retained for information. [Priority 3]</p> <p>Copy was in school but present headteacher wasn't here when obtained. Copy passed to finance</p>	<p>Headteacher February 2016</p>	<p>The three year catering contract was signed in 2013 with an option to extend for the next two years. The consortium coordinator has confirmed by e-mail, 4/5/17, that the original contract has been extended and will expire March 2018. A signed copy of the contract was evidenced at the school.</p> <p>The November 2016 invoice for school meals was selected for audit examination; the charges agreed to the contract and the uplift notification agreed in February 2016.</p>	<p>Implemented</p>

No	New recommendation	Priority	Management Comment	Responsibility	Target Date
1	The school should evidence an adequate audit trail to support financial decisions. Specifically, the authorisation by Chair of Governors to waive Financial Regulations should state the qualification for that waiver and any discussions at committee resulting in financial activity should be minuted.	2	Agreed will implement.	Chair of Governors and Resources. Finance Officer. Clerk to Governors.	Summer Term 2017
2	The school should complete the HMRC assessment for the individual identified by Internal Audit. The assessments should be signed by the Headteacher and undertaken annually.	2	Agreed.	Finance Officer	Summer term 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