



FINAL INTERNAL AUDIT REPORT

EDUCATION DEPARTMENT

FOLLOW UP REVIEW OF ST OLAVES GRAMMAR SCHOOL 2020/21

Issued to: Andrew Rees, Head Teacher
Lucy Crawford, Head of Finance
Chris Dines, Finance Manager
Steve Rogers, Premises Manager
The Venerable Dr. Paul Wright, Chair of Governors (final report only)

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Reviewed by: Head of Audit and Assurance

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Report No.: PEO/10/2021

INTRODUCTION

1. This report sets out the results of our systems based follow up audit of St Olaves Grammar School. The audit was carried out in quarter four as part of the programmed work specified in the 2020/21 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 27 February 2020 and the progress made to implement the twelve recommendations.

MANAGEMENT SUMMARY

4. Given the audit coverage in previous years, the span of recommendations raised in February 2020 and the Priority 1 updates to Audit Sub Committee in November 2020 and March 2021 it was agreed that this would be a follow up audit review although sufficient testing of controls has been undertaken to allow an audit opinion to be formed.
5. In line with Government guidelines the Internal Audit review this year has had to be completed remotely and the work plan adapted. The sample of payments was selected from the bank history and the Finance Manager (FM) sourced and scanned the order, invoice and supporting documentation. It is acknowledged that this was more time consuming and Internal Audit would like to thank the Finance officers for their help and support during the audit process. Similarly, system reports were requested and issued to the auditor. Telephone meetings have been held with the Head of Finance and the Finance Manager and as in previous years the school have been fully engaged with the audit review. It is hoped that the next audit in the Autumn Term 2021 will be completed on site if COVID restrictions allow.
6. The original Internal Audit report issued in February 2020 identified two priority 1 recommendations relating to Expenditure processes and Financial Management. At the Audit Sub Committee meeting 8 March 2021 Members were advised that the school had satisfactorily progressed both recommendations to be implemented.

7. For the recommendation relating to Expenditure it was noted that the school had successfully appointed to the Head of Finance position which would strengthen the finance function, allow business continuity and separate strategic and operational roles to create internal challenge and scrutiny. The school evidenced procedures for the expenditure process and confirmed that procurement advice had been sought, when required for the large one-off projects.
8. For the recommendation relating to Financial Management, documents had been submitted to support progress to implement; the 2020/21 budget statement signed by the Chair of Governors, an Income and Expenditure report on the 30.9.20 confirming a balanced budget with £250K reserves, a more formal approach to drawing down Foundation Funds and Management Accounts reported to Committee were supported by detailed schedules. The Head of Finance presented a comprehensive Management Reporting document to the Finance Committee on the 10th February 2021. This document clearly sets out financial priorities for 2021, analyses the latest Income & Expenditure report, updates on the four capital projects, shows the current Voluntary Fund balances, shares the objective to integrate school strategy and long term financial planning, reports on current reserves and funding streams, fund raising initiatives and the school's response to the Internal Audit recommendations
9. Of the 12 recommendations raised in February 2020, the two priority 1 recommendations have been satisfactorily implemented as detailed in paragraph 6 to 8 above. Of the 7 priority 2 recommendations, 5 relating to HMRC (payments to individuals), Cash Flow, Bank Reconciliation, Petty Cash and Income have been satisfactorily implemented, however the recommendations relating to the Asset Register and Cyber Security are outstanding. Of the three priority 3 recommendations, the two relating to control accounts (aged creditors and debtors) and the purchase card have been implemented, however the recommendation relating to pecuniary interests is outstanding. The Detailed Management Action Plan at appendix A sets out the original recommendation, management comment and the follow up work undertaken for this review. The outstanding recommendations have been re-recommended (denoted with a *) any new recommendations identified in the follow up testing are also set out in Appendix A.
10. The school was issued with a pre audit questionnaire to highlight any issues to be included in the audit review and to gauge any interim control changes imposed by COVID19. As a self-assessment, the returned questionnaire was certified by the Head Teacher and Chair of Governors to evidence independence of the Finance Function. The school set out two areas where advice would be helpful: early notification from the Borough of available grant funding and the use of electronic signature and authorisation. The comment relating to grants has been forwarded to the Head of Finance (Education Families and Children) and it was noted that an electronic signature was used for petty cash claims; the school should include the acceptance of an electronic authorisation as part of their Finance procedures.
11. During the period since the last audit review the school have contacted Internal Audit to seek advice on several areas of business, specifically the payment to parents for free school meals, payment of invoices during lockdown and the variation to the cleaning contract.

Since the appointment of the Head of Finance, Internal Audit have been asked to comment and offered advice on the Scheme of Delegation and the waiver process (purpose and information to be evidenced).

12. Overall, the school have evidenced significant progress to implement the recommendations raised in the February 2020 Internal Audit report and as such the Audit Opinion has been raised from Limited to Reasonable. There are three outstanding recommendations, cyber security, asset register and pecuniary interests.
13. Audit testing of the expenditure process for this follow up review has identified the following issues for the school to consider: -
 - Purchase orders to be raised for all expenditure, exceptions to this being set out in Financial Regulations
 - A comprehensive audit trail to document key decisions about procurement
 - Inclusion of the VAT registration number should be checked on all invoices before payment
 - Evidence compliance to Local Authority Procurement guidelines, Financial Regulations and Contract Procedures Rules for the procurement and project management of one-off schemes.
 - The project checklist and documentation should support the procurement, project management, financials and approvals for all one-off projects.
14. The audit sample included the payment to the original contractor awarded contract A.
15. It is acknowledged that the procurement was instigated by the former School Business Manager (SBM), who left the school in January 2020 and the current officers have attempted to provide the supporting documentation requested by Internal Audit but there are gaps in the information provided. The Premises Manager is working on a “lessons learnt” document to be reported to Governors. The main issues identified by audit that need to be considered to ensure full compliance for any future projects are as follows: -
 - The available budget must be identified at the start of the project; preliminary surveys and planning must reflect the funds available to ensure the specification can be delivered within/near to budget
 - The school were advised that the financial due diligence of the recommended contractor should be completed before award. There is no evidence that this was done. The Head of Finance has advised that going forward a specialist company will be engaged to undertake financial due diligence, and this was evidenced with the contract B.
 - Once the original tenders had been evaluated and the costs significantly exceeding budget identified, there is no evidence that all contractors were invited to retender to the revised specification. If that is the case the school initiated a negotiated procurement which would not comply to Local Authority guidelines and may not deliver value for money.

16. The previous Internal Audit report finalised in February 2020 identified the same issues for contract C, a priority one recommendation was issued. The school evidenced remedial processes with regard to the waiver procedure and creation of a project file and checklist to support implementation of that priority one recommendation. Contract A was procured at the same time as the contract C and therefore not subject to the controls put in place following the audit report. The Head of Finance has confirmed that going forward the surveying/project management professional services will be competitively procured, and a specialist provider engaged to complete financial assessments before contract award. The system to procure and manage projects has been improved and as such the finding and recommendation identified this time will be a priority 2. The issues identified are primarily outside of the finance function as the responsibility to procure, award and manage these one-off projects has been transferred to the Premises Manager. The roles and responsibilities of officers should be clarified to ensure ownership and ensure shared access to key information.
17. The impact of COVID 19 and the challenges faced by officers to maintain the Finance function during lockdown is acknowledged as are the interim measures that needed to be implemented.

AUDIT OPINION	
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18. Our overall audit opinion, number and rating of recommendations are as follows.

AUDIT OPINION	
Reasonable Assurance	(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
0	2* and 1 new recommendation	1*

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

19. 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 also detailed in Appendix A of this report and require management comment. Appendix B also gives definitions of the priority categories.

ACKNOWLEDGEMENT

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

				APPENDIX A
No	Recommendation (Internal Audit report February 2020) Priority Rating	Management comment Responsibility and Time Scale	Follow-up comments	Status
1.	<p>Expenditure All expenditure must comply to Financial Regulations; tendering should be undertaken for projects >£50K.</p> <p>Any exemption to Financial Regulations must be supported by a waiver signed by both the Head Teacher and the Chair of Governors.</p> <p>The project checklist and folder evidence a significant improvement however this is work in progress and the information, completeness and accuracy needs to be improved.</p> <p>All payments should be supported by an adequate audit trail, including agreed quotes, variations, evidence of eligibility and commitment of purchase.</p> <p>The FM to be made aware of financial commitment at the first opportunity and be kept up to date or have access to any changes and variations prior to payment.</p> <p>Authorised signatories only should approve orders/invoices</p> <p>Priority 1</p>	<p>Going forward all contracts over £50,000 will require written tenders using either, open procedure, two stage process procedure or negotiated procedure.</p> <p>For any contract or purchase over £5,000, competitive quotes will be sought or a waiver signed by the Headteacher and the Chair of Governors will be produced.</p> <p>Procedures for checking invoices against purchase orders will be tightened and contractors to be challenged when they fail to produce detailed invoices.</p> <p>The raising of purchase orders for any changes in a project should alert FM of increases in commitment along with being cc'd into email trails on Capital projects</p> <p>Training to be sought for key personnel on procurement.</p> <p>Only authorised signatories are supposed to authorise purchase orders/invoices. Staff have been reinstructed and procedures rewritten to emphasize this.</p>	<ul style="list-style-type: none"> • Updates to the Audit Sub Committee in November 2020 and March 2021 reported the progressed evidenced by the school to implement this recommendation. To summarise, written procedures to support the expenditure process, procurement advice to support large projects and appointment to the Head of Finance post to allow business continuity and separation of operational and strategic finance roles. The priority 1 recommendation was closed. • For this follow up review a sample of 10 payments was selected from the Bank History December 2019 to December 2020. It should be noted that the threshold for tendering is now £100K+, 3 quotes are required for expenditure £5K to £100K <p>The main issues arising are that: -</p> <ul style="list-style-type: none"> • Purchase Order to be raised in all cases unless expenditure is exempt an order as per Financial Regulations • IR35 Online assessment to be completed • A comprehensive audit trail to document key decisions with regard to procurement • Inclusion of the VAT registration number should be checked on all invoices before payment 	<p>Partially Implemented</p> <p>See new finding and recommendation relating to expenditure (No 13)</p>

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No	Recommendation (Internal Audit report February 2020) Priority Rating	Management comment Responsibility and Time Scale	Follow-up comments	Status
		H/T/Finance Manager/Premises Manager - Immediate	<ul style="list-style-type: none"> Evidence compliance to Public Sector Procurement guidelines and Contract Procedures Rules for the procurement and project management of one-off schemes. The project checklist and documentation should support the procurement, project management, financials, and approvals for all one-off projects. 	
2.	<p>HMRC</p> <p>Where possible payments should always be made to a company rather than a named individual</p> <p>Priority 2</p>	<p>Procedures for checking invoices subject to IR35 legislation have been revised to clarify that payment must be to company rather than an individual if a company name is shown on the invoice, even if the supplier requests payment in their name.</p> <p>Finance Manager - Immediate</p>	<p>From the bank history payments to 3 named individuals were selected. The FM confirmed online questionnaires had been completed to show the self-employed status and qualification to be paid directly. For one officer the role is now split between self-employed and payroll and the school are processing the payment accordingly.</p> <p>The school have evidenced a procedure to review and check payments to individuals and retain documentation.</p> <p>The school have been advised that from April 2021 there have been changes to the off-payroll payments so that the status determination statement needs to be shared with the individual and there is now a 45 day period for appeal.</p>	Implemented

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No	Recommendation (Internal Audit report February 2020) Priority Rating	Management comment Responsibility and Time Scale	Follow-up comments	Status
3.	<p>Asset Register</p> <p>The arrangements to maintain the IT asset register should be confirmed with the new IT provider. The handover and exit arrangements with the outgoing IT provider should be evidenced.</p> <p>The school should ensure that the purchase of any new IT equipment is uploaded to the asset register and any write off or disposal duly certified by the school.</p> <p>A sample stock take should be undertaken, independent of the IT provider and a copy of the IT asset register should be printed off annually for the Head Teacher to certify that all assets are accounted for.</p> <p>Priority 2</p>	<p>The new ICT contractor has been asked to complete a review of the IT asset register.</p> <p>The ICT contractor will be instructed to get approval during the year for any disposals, highlight missing items and to update the register with any new items purchased through the year.</p> <p>The School will incorporate the ICT asset register into the annual asset register update. As part of the annual asset check spot checks will be carried out by the School. The complete asset register including IT equipment will be signed off by the Headteacher.</p> <p>H/T and Finance Manager – Immediate</p>	<p>At the previous audit in December 2019, the then SBM had assured Internal Audit that there would be an exit strategy as the IT contract changed, this would include a handover of assets. The previous IT contractor went off site on the 20.12.19 and new contractor started on the 1.1.2020. The FM requested, as a recommendation in the audit report an asset list of IT equipment. This has been an ongoing issue with the IT contractor. The task was allocated to one of the onsite technicians and an asset list submitted in December 2020. The FM sample checked the staff laptop list and identified out of date information namely staff that had left the school. The school concluded that the initial checks indicated that no reliance could be placed on the asset register submitted and was returned to the contractor. The contractor has now undertaken to complete an IT asset list “from scratch”.</p> <p>The non-IT equipment check would have been due in July 2020 but due to COVID restrictions and the impact school business this has been delayed until July 2021. FM was advised that the H/T should e-mail his authorisation to postpone the annual check to be filed with the asset registers.</p>	Outstanding

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No	Recommendation (Internal Audit report February 2020) Priority Rating	Management comment Responsibility and Time Scale	Follow-up comments	Status
4.	<p>Cash Flow The cash flow reports are an important control document and useful tool for financial management.</p> <p>It is therefore important that the cash flow report be produced monthly and reviewed and certified by the authorising officer in a timely manner to confirm the values declared and acceptance of the explanations for any variance.</p> <p>Priority 2</p>	<p>Cashflows are produced monthly as per London Borough of Bromley requirements.</p> <p>The retrospective cashflow will be signed in a timely manner and variances explained</p> <p>H/T – Immediate</p>	<p>The original finding related to the authorisation of this monthly report. For the period when SBM post was vacant the H/T authorised the report, the FM signed as the initiating officer. Since the appointment of the Head of Finance, certification has reverted to this officer.</p> <p>January and February 2021 cash flow reports satisfactorily evidenced, variances explained by the issues that impacted the school during COVID and the difficulties of setting a month by month budget in 2020.</p>	Implemented
5.	<p>Bank Reconciliation The authorising officer should have a clear understanding of their role as an authorising officer. The certifying signature is added to the report once that officer is satisfied that agreed checks have been satisfactorily completed.</p> <p>Priority 2</p>	<p>The SBM was given training in the bank reconciliation process. This is a minor oversight. Systems will be put in place to ensure that it does not happen again.</p> <p>H/T, Finance Manager and Purchase Ledger Clerk – Immediate</p>	<p>The original finding related to the sample month having been authorised but not signed by the initiating officer.</p> <p>The bank reconciliation for January 2021 evidenced two officers signing off the statement. No issues arising on the reconciliation although it was noted that 2 cheques for £100 each are dated 5.6.2019 and 18.9.2019 are shown on the unreconciled items list. FM confirmed that these payments have been added back to the school account.</p>	Implemented

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No	Recommendation (Internal Audit report February 2020) Priority Rating	Management comment Responsibility and Time Scale	Follow-up comments	Status
6.	<p>Financial Management</p> <p>The budget summary document should have been signed by the Chair of Governors and retained as evidence that the document presented was approved. This can be done retrospectively for 2019/20 but will need to be done annually moving forward.</p> <p>The school should ensure that there are sufficient funds within the school account to meet committed expenditure. There are budget monitoring reports and cash flow which should support the school to achieve this.</p> <p>The steps identified by the school to prevent the school account being overdrawn again should be implemented.</p>	<p>The Final Budget was presented to the Full Governing body for approval as changes were made post Finance Committee meeting. The Chair of Governors will be asked to sign the 2019/20 Budget and all budget reports going forward</p> <p>The overdraft was exceptional, and the School was due funds from the Government to fully fund the increase in employers' contributions for Teachers pensions that had been implemented in September. The Finance Manager wrote to LB Bromley's Director of Education in September 2019 to raise concerns that this was unsustainable and query when the funds would be received. The monthly cost for St Olaves is £20,000 and the funds were not received until November.</p> <p>All staff are requested to raise purchase orders. Training is ongoing and Staff are constantly reminded of the requirement to raise PO's and inform FM of any changes in costs for projects.</p> <p>The School will report the Total Foundation Grant alongside the budget</p>	<p>Updates to the audit Sub Committee in November 2020 and March 2021 reported the progress to implement all elements of this priority 1 recommendation.</p> <p>The 2020/21 final budget was signed by Chair of Governors, the Income and Expenditure report dated 30.9.20 confirmed a balanced budget with £250K reserves. The school have improved the processes to control and manage cash flow, the brief overdrawn incident in October 2019 was an isolated event and the drawdown of funds from the Foundation has been formalised with an e-mail trail to support requests; The minutes of the Finance Committee for the 21st October 2020 evidence that the Management Accounts, for the period up to 30th September, were supported by the detailed schedules and the summary, as requested by Internal Audit.</p> <p>The Head of Finance presented a comprehensive Management Reporting document to the Finance Committee on the 10th February 2021. This document clearly sets out financial priorities for 2021, analyses the latest Income & Expenditure report, updates on the four capital projects, shows the current Voluntary Fund balances, shares the objective to integrate school strategy and long term financial planning, reports on current reserves and funding streams, fund raising initiatives and the school's response to the Internal Audit recommendations.</p>	Implemented

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No	Recommendation (Internal Audit report February 2020) Priority Rating	Management comment Responsibility and Time Scale	Follow-up comments	Status
	<p>The school should consider including the total Foundation grant in the budget rather than drawing down values during the year.</p> <p>The management report to Governors should highlight all areas of interest including overspent or projected overspent expenditure codes.</p> <p>The school should consider the roles and responsibilities within the Finance function to ensure business continuity and an adequate resilience in case of staff absence.</p> <p>Priority 1</p>	<p>in the Management Accounts presented to Governors</p> <p>A schedule for drawdown was agreed with the Foundation giving the month of drawdown, this has now been amended to include the date of the month for payment.</p> <p>The Foundation has transferred the £250,000. The School will give consideration to drawing across the historical funds still held by the Foundation and the annual grant income at the beginning of each financial year.</p> <p>Roles and responsibilities will be addressed. Staff to be trained in some aspects of FM & SBM roles to ensure Business continuity.</p> <p>The Management Accounts report to Finance Committee will be confirmed with the Chair of the Finance Committee in terms of presentation to ensure that it enables Governors to strategically monitor the Schools finances. Reporting levels for variances either in monetary terms of percentage to report on to be agreed with Finance Committee.</p>		

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No	Recommendation (Internal Audit report February 2020) Priority Rating	Management comment Responsibility and Time Scale	Follow-up comments	Status
		<p>Training and procedure notes completed to ensure staff are aware of where all documentation is kept and how to interpret it.</p> <p>Responsibility and timescale H/T and Finance Manager – Immediate and ongoing</p>		
7	<p>Control Accounts Aged debtors and aged creditors reports assigned to an officer should be annotated to show any investigation and remedial action and then signed off to evidence completion.</p> <p>Priority 3</p>	<p>Aged Creditors and Aged Debtor reports form part of the existing month end procedure. Evidence of remedial action will be retained and signed off by PLC & FM.</p> <p>Finance Manager and Purchase Ledger Clerk – Immediate</p>	<p>The aged Creditor report was evidenced as at 8.12.20 with 3 invoices exceeding 31 days, annotated explanation for 1/3 invoices signed off by the FM. Aged Creditor report for January 2021 was evidenced and satisfactorily signed off by appropriate officers.</p> <p>The aged Debtors report was evidenced for 8.12.20. Two invoices > 91 days but related to lettings that did not take place due to COVID. FM had requested system support to cancel the invoices on the system which has now been completed.</p>	Implemented

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No	Recommendation (Internal Audit report February 2020) Priority Rating	Management comment Responsibility and Time Scale	Follow-up comments	Status
8	<p>Petty Cash</p> <p>All expenditure whether paid as a cheque request, petty cash or credit card transaction should be supported by authorised documentation prior to payment.</p> <p>Finance staff to be reminded that the checks performed on claim forms and request for payment forms are a control in the expenditure process</p> <p>Priority 2</p>	<p>Staff to be reminded of the requirement for proper authorisation of claims and the Purchase Ledger Clerk to be reminded to reject claims that are not correctly authorised.</p> <p>HT/FM/PLC/All Staff - Immediate</p>	<p>The FM confirmed that there had been limited use of petty cash during the past year given the periods of school closure. The petty cash claim for January to March 2021, value £89.15, was satisfactorily reviewed. Two transactions selected were supported by authorised documentation.</p>	Implemented
9	<p>Procurement Card</p> <p>The supporting documentation retained should be an adequate audit trail of any action taken on the procurement card account.</p> <p>In this case the e-mail trail that evidenced the cancellation and the original request for finance should be annotated to show why corrective action was required</p> <p>Priority 3</p>	<p>Finance staff to be reminded that they need to write adequate notes on paperwork to provide a clear explanation of action taken and a clear audit trail.</p> <p>Finance Staff - Immediate</p>	<p>The FM confirmed that there had been an increased use of the purchase card due to a change in working practices during COVID.</p> <p>The original recommendation related to an adequate audit trail to support cancellation. The FM confirmed that this had been addressed as a training issue and the officer responsible now noting all cancellations to achieve an adequate audit trail. Statement date 16.12.20 evidenced and the supporting documentation for the cancelled item on that statement.</p>	Implemented

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No	Recommendation (Internal Audit report February 2020) Priority Rating	Management comment Responsibility and Time Scale	Follow-up comments	Status
10	<p>Income</p> <p>The invoices are raised on FMS; a summary sheet should be retained to show all invoices raised and the status. The summary document can then be available to Finance staff to allow continuity</p> <p>Priority 2</p>	<p>The school processes 15 to 20 sales invoices a year. A summary sheet will be retained, and copies of bank statements filed to prove receipt of payment with all invoices.</p> <p>Finance Manager – Immediate</p>	<p>The FM evidenced a summary statement for 2020/21 to show two invoices raised and income collected.</p> <p>Both receipts satisfactorily checked to the bank statement.</p>	Implemented
11	<p>Pecuniary Interest</p> <p>The school should ensure that a copy of the pecuniary interest forms, completed by Governors is held at the school.</p> <p>Priority 3</p>	<p>The Foundations Clerk to the Governors to be contacted and a request made to ensure that pecuniary interest forms are complete and signed for any new Governor who starts after the annual exercise in September.</p> <p>H/T, Clerk to the Governors – Immediate</p>	<p>The original recommendation related to the appointment of new governors, completion of a pecuniary interest form prior to their first meeting and for the school to hold a copy of these forms.</p> <p>Internal audit contacted the Clerk to Governors by e-mail on the 31.3.21 and requested confirmation that all governors had completed the pecuniary interest forms at the start of the Autumn Term and where these forms are held. Clerk to the Governors confirmed by e-mail that 1 governor has not signed a pecuniary interest form and that all forms are held at the school.</p> <p>The Clerk to the Governors has confirmed by e-mail to the FM, that signed the forms are available on the school site but there is one Governor declaration still to be signed.</p>	Outstanding

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No	Recommendation (Internal Audit report February 2020) Priority Rating	Management comment Responsibility and Time Scale	Follow-up comments	Status
12	<p>Cyber Security</p> <p>The school should evidence the self-assessment completed by the IT provider and evidence the remedial action taken.</p> <p>Arrangements with the new IT provider should be confirmed as defined by the cyber security assessment.</p> <p>The school are responsible for cyber security and should therefore lead on the self-assessment and own the findings and remedial action.</p> <p>Priority 2</p>	<p>This questionnaire had been completed by the Schools former ICT provider, but the evidence is unavailable. The School will take the lead on completing the questionnaire with assistance from the new ICT contractor and evidence of any remedial actions required retained. In February 2019 the School took out an insurance policy for Cyber Security</p> <p>H/T – Immediate</p>	<p>This has not been completed although cyber security has been added to the risk register. The IT contractor will be asked to complete the questionnaire although it should be noted that the school are responsible for the risk that cyber security poses and therefore must evidence ownership.</p>	Outstanding

APPENDIX A					
No	Finding	Risk	Recommendation and Priority* Raised in previous Audit	Management Response	Agreed Timescale and responsible manager
13	<p>Expenditure (New Rec)</p> <p>A sample of 10 payments was selected from the bank history report. The main issues have been set out in finding 1 above but in summary: -</p> <ul style="list-style-type: none"> • Purchase Order to be raised in all cases unless expenditure is exempt an order as per Financial Regulations • IR35 Online assessment to be completed • A comprehensive audit trail to document key decisions with regard to procurement • Inclusion of the VAT registration number should be checked on all invoices before payment • Evidence compliance to Public sector Procurement guidelines and Contract Procedures Rules for the procurement and project 	<p>Payments may not be made in compliance with Financial Regulations and the School's own procedures</p> <p>HMRC penalties for noncompliance to IR35 regulations.</p> <p>Challenge from contractors following unsuccessful tender submission for work.</p>	<p>The school should raise Purchase Orders to support expenditure.</p> <p>Payment to a named individual should be only actioned when there is no alternative. The online assessment should be completed to support a self-employed status. With effect from April 2021 this statement must be shared with the individual.</p> <p>The VAT Registration should be evidenced on all invoices before payment.</p> <p>All procurement decisions should be retained in a format and filed in a shared area to allow an adequate audit trail.</p> <p>The school should define the roles and responsibilities for the procurement process and contract management. All officers should be aware of their role and responsibility, clarify ownership and establish access to key information for all appropriate officers (premises and finance).</p>	<p>VAT registration number must be highlighted on all invoices prior to payment</p> <p>Head of Finance and Premises manager to meet and document roles and responsibilities of the procurement process and contract management</p> <p>Premises and Finance manager to meet and implement a shared file.</p>	<p>Implemented</p> <p>July 2021 Head of Finance/ Premises Manager</p> <p>July 2021 Head of Finance/ Premises Manager</p>

APPENDIX A					
No	Finding	Risk	Recommendation and Priority* Raised in previous Audit	Management Response	Agreed Timescale and responsible manager
	<p>management of one-off schemes.</p> <ul style="list-style-type: none"> The project checklist and documentation should support the procurement, project management, financials, and approvals for all one-off projects. <p>The impact of COVID and the challenges of lockdown are acknowledged however the findings above should be considered to ensure that the controls for the expenditure process are met.</p>		<p>The school should evidence compliance to Public Sector Procurement guidelines. It is acknowledged that since the change in personnel the school have sought guidance from the Council's Procurement Manager and have taken steps to review professional project management and financial assessment to ensure value for money, compliance and mitigate any risk to the school whilst undertaking these large one off projects.</p> <p>The school should complete the project checklist and maintain the project folder as planned, including all supporting documentation, decisions and approval.</p> <div style="text-align: center; border: 1px solid black; background-color: yellow; padding: 2px; width: fit-content; margin: 0 auto;"> Priority 2 </div>	<p>We conducted a Lessons Learned review of the Fives project from this we have implemented a detailed financial risk assessment by a specialised finance provider. This will be conducted on all future capital projects along with references sought. We will also continue to do a lesson learned review on all future major projects.</p> <p>Project checklists are in place for all projects.</p>	<p>Implemented June 2020 Premises Manager</p> <p>Implemented June 2020 Premises Manager</p>

APPENDIX A					
No	Finding	Risk	Recommendation and Priority* Raised in previous Audit	Management Response	Agreed Timescale and responsible manager
3	<p>Asset Register (Re Rec)</p> <p>The asset register for IT equipment was kept by the IT contractor. The school do not have access to this record and the Head Teacher has not signed off the complete register as per Financial Regulations. The FM confirmed that she had been sent a copy last year but there is no process to reconcile asset versions, check movement off the registers or to give any assurance that the register is complete. Given the IT contractor will be out of contract on the 31/12/19 this is an increased risk to the safeguarding of assets. The school were advised at the end of audit meeting on the 18th December that the asset register and associated risks be considered as part of the exit plan.</p>	<p>The Financial Regulations requirement for the Head teacher to certify the asset register annually may not be achieved</p> <p>Assets lost or stolen may not be easily identified.</p>	<p>The arrangements to maintain the IT asset register should be confirmed with the new IT provider. The handover and exit arrangements with the outgoing IT provider should be evidenced.</p> <p>The school should ensure that the purchase of any new IT equipment is uploaded to the asset register and any write off or disposal duly certified by the school.</p> <p>A sample stock take should be undertaken, independent of the IT provider and a copy of the IT asset register should be printed off annually for the Head Teacher to certify that all assets are accounted for.</p> <div style="text-align: center; border: 1px solid black; background-color: yellow; padding: 2px; width: fit-content; margin: 10px auto;">Priority 2*</div>	<p>Fixed Asset register is now complete as of 14/05/21</p>	<p>This has been completed - Head of Finance</p>

					APPENDIX A
No	Finding	Risk	Recommendation and Priority* Raised in previous Audit	Management Response	Agreed Timescale and responsible manager
12	<p>Cyber Security (Re Rec) During the previous audit a cyber security self-assessment questionnaire was left with the school to complete.</p> <p>The SBM confirmed that this had been passed to the previous IT provider and that their Network Manager had been instructed to take the required remedial action</p>	<p>The school may have inadequate arrangements in place to prevent cyber security attacks resulting in a loss of data and associated cost and GDPR penalty for any data breach</p>	<p>The school should evidence the self-assessment completed by the previous IT contractor and evidence the remedial action taken.</p> <p>Arrangements with the new IT provider should be confirmed as defined by the cyber security assessment.</p> <p>The school are responsible for cyber security and should therefore lead on the self-assessment and own the findings and remedial action.</p> <div style="text-align: center; margin-top: 20px;">  </div>	<p>The school recognizes the threat posed by a potential cyber-attack and have engaged with the IT contractor regarding potential data backup and recovery solutions. The school's overall response to this threat will be the next IT project for the school's ICT leads, the Head of Finance and the teacher with IT responsibilities.</p>	<p>By Autumn Term: Head Teacher and Gov responsible for ICT - SB</p>

					APPENDIX A
No	Finding	Risk	Recommendation and Priority* Raised in previous Audit	Management Response	Agreed Timescale and responsible manager
11	<p>Pecuniary Interest (Re Rec)</p> <p>Declaration of interest forms for the Governors are now held at the school however a check on all forms available identified that no signed declarations were available for three new Governors who had started in the Autumn Term but had already attended Committee Meetings.</p>	<p>Governors with financial responsibilities may be involved in making financial and/or business decisions relating to organisations which they have a pecuniary interest without the school knowing.</p>	<p>The school should ensure that a copy of the pecuniary interest forms, completed by Governors is held at the school.</p> <div style="text-align: center; margin-top: 20px;">  <p>Priority 3*</p> </div>	<p>The Clerk to the Governors confirmed that the remaining Governor declaration has now been signed and sent to the school as of May 13th</p>	<p>Completed: Head teacher</p>

APPENDIX B - Assurance Level

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

Recommendation ratings

Risk rating	Definition
Priority 1	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
Priority 2	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
Priority 3	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.