

Executive Summary

An Internal Audit was conducted at St Monica Primary School on 10th and 11th February 2020 as part of the 2019/2020 Audit Plan. The Full Audit, which comprised of testing as detailed in the scope of the audit, resulted in twelve high, three medium and one low risk exception.

The results have been included in the summary below under the relevant control headers with further details in relation to any exceptions raised in the main body of this report.

Achievement of Organisation's Strategic Objectives Assurance Level: Limited Assurance

Organisation of Responsibility & Accountability

Testing commenced with a review of the **Schools Financial Value Standard (SFVS)** statement for year ending March 2020. The document was signed by the Chair of Governors, on behalf of the Governing Body, in January 2020. However, it is not clear what documentation was submitted to the Full Governing Body before submission of this statement to the Local Authority.

In addition, further testing confirmed that there is no evidence of; a Full Governing Body Committee Timetable or Terms of Reference, a Job description for the Clerk, a Financial Skills Matrix, a current Register of Pecuniary Interest or an up to date School Whistleblowing Policy.

A review of staff personnel files was carried out for a sample of three employees to ensure that recruitment and vetting checks had been completed prior to appointment. Testing highlighted that the files contained DBS document confirmation from an on-line DBS provider and a copy of a council tax bill. Retention of these documents constitutes a breach of the **General Data Protection Regulation (GDPR) 2018 - Principle E - Storage Limitations**.

Based on testing conducted five high risk and one medium risk exception have been raised under this control header.

Compliance with Policies, Laws and Regulations Assurance Level: Limited Assurance

Income

The school use 'Tucasi' income collection software for the recording of both on-site and on-line cash collection.

A sample of 2 on-site income payments for December 2019 (total value £1,043.45) and 7 on-line payments for School meals (with varying amounts dependant on attendance) were reviewed.

Testing confirmed that there was a clear management trail from receipt of income through to banking for all payments in the sample. A review of the lettings charging policy, hire agreement forms and hirers insurance indemnity cover was conducted to ensure that the charges are reviewed on an annual basis, a current hire agreement form is in place, a valid indemnity insurance policy has been sighted and is held on the school premises and invoices are raised promptly.

There were 4 permanent Hirers as at February 2020 and testing highlighted a weakness in controls in relation to the control and administration of lettings.

Based on testing conducted, one high risk exception has been raised.

Petty Cash

On-site testing highlighted that petty cash bank reconciliations are not taking place on a regular basis. Only 2 reconciliations were evidenced for the period tested. The first was for the period 19.10.2018 to 21.03.2019 (total reconciliation value £280.65) and the second was for the period 11.03.2019 to 18.07.2019 (total reconciliation value £636.34). There was no evidence that a reconciliation has taken place during the 2019/2020 academic year. Best practice would be to carry out reconciliations on a half termly basis, or as a minimum, once a term if the level of claims are minimal.

Discussions with the School Business Manager confirmed that the petty cash float is kept in a cash tin (which is not locked as there is no key) and the tin is kept in a combination lock safe, the sequence of which is known to the three members of staff in the finance team. The contents of the petty cash tin were counted during on-site testing and the total of £90.99 reconciled to the spread sheet tracker document.

A review of the petty cash bank statements for the period 31.12.2018 (statement 54) to 21.12.2019 (statement 67) highlighted 3 occasions where the account was noted as being overdrawn. In addition there were 9 claims which were not deemed to be 'petty cash' purchases. The value of these claims ranged from ££51.00 to £375.00.

Based on testing conducted, one high and one medium risk exception have been raised.

Ordering, Receipt and Payment of Goods

A review of a sample of 6 purchase request forms and invoices for Financial Year 2019/2020 (total value £3324.43) confirmed that the purchase was accurately recorded and appropriately authorised by the Head teacher in advance of the order being placed for all 6 purchases.

The school currently has one School Purchase Card which is controlled and administered by the School Business Manager. A sample of transactions for the December 2019 statement were reviewed during testing. There were 30 transactions during this period which equated to a total value of £1458.85. There were supporting VAT receipts on file for 28 transactions.

The remaining 2 transactions (£9.36 each for Milk & More) did not have supporting receipts as the payments had been set up as a standing order. Further testing confirmed that there are two further standing orders set up for this account with a total annual value of £725.00.

Based on testing conducted one high risk exception has been raised.

Disaster Recovery Plan

The Schools Financial Value Standard (SFVS) statement for January 2020 - section B8 - states that 'the School has an appropriate business continuity or disaster recovery plan in place'.

However, a review of the School Emergency Crisis Plan highlighted that; the document is not dated or owned, 4/6 listed persons who collectively have responsibility for School Emergency Response are no longer at the School, it is not clear who has a copy of the Plan, the Lockdown instructions are not feasible and there is no evidence of Full Governing Body approval of the Plan.

Based on testing conducted one high risk exception has been raised.

Computer Security

Discussion and observations during on-site testing confirmed that access to mainframe data containing sensitive / confidential information is restricted to authorised staff and good controls are in place for the security of passwords. Environmental controls for the security of paper documentation are sound.

CCTV cameras are in operation at the St Monica Infant School site, however, there is no evidence that the school have adopted a CCTV Policy to evidence compliance with the Data Protection Act (DPA) - GDPR (2018).

The School has a comprehensive E-Safety and Internet Usage Policy Statement and Guidelines (including an Acceptable Use Agreement - section 4) which staff are required to sign to confirm understanding and acknowledgement of the consequences of non-compliance. Discussions with the School Business Manager confirmed that there is no evidence of a signed Acceptable Use Agreement for any members of staff to confirm awareness and understanding of the Policy. Based on testing conducted one high and one medium risk exception has been raised.

Safeguarding of Assets Assurance Level: Limited Assurance**Inventory**

The School inventory was reviewed as part of the audit to ensure compliance with SCC Financial Procedures in relation to its administration and control.

Discussions with the School Business Manager confirmed that the current School Inventory is supported by a company and access to the electronic spreadsheet is password protected and limited to a representative of the company and School Business Manager. It was noted that the spread sheet includes the requisite description of the asset as per expected requirements, but there is only evidence of one recent annual asset check by the company and no evidence of spot checks on behalf of the school to verify accuracy.

Six assets were selected from the inventory during testing and it was noted that all 6 were asset tagged with a unique identifier and were located as per the inventory location guide.

Annotations on the inventory confirmed that assets are loaned to school staff, although there is no evidence of written authorisation from the Head teacher for each loan or a signed acceptance statement from the member of staff affirming understanding of the conditions of use.

Based on testing conducted one high risk exception has been raised.

Effectiveness & Efficiency of Operations Assurance Level: Limited Assurance**Budget**

The School Budget has been in deficit since 2016 and the projected deficit carry forward figure as at March 2019 is circa £388,000.00. In addition to this, the latest Ofsted inspection, which took place at the School on 08 and 09.10.2019, resulted in an overall effectiveness level of **Inadequate**.

The interim Head teacher, who has been in post since September 2019, is currently preparing a 2019/2021 Post Ofsted Action Plan in conjunction with a revised, workable 3 to 5 year Budget Recovery Plan for Local Authority approval. The Senior Leadership Team (SLT) are meeting on a weekly basis to closely monitor progress.

However, a review of the Governing Body minutes for the period March 2019 to November 2019 does not evidence any degree of challenge from the Governors in relation to the ongoing budget deficit position. In addition, the minutes do not clearly record that the

budget and revised budget were proposed, seconded and approved by the Full Governing Body. Based on testing conducted one high risk exception has been raised.

Reliability & Integrity of Data Assurance Level: Reasonable Assurance

PTA Funds

The SCC Scheme for Financing Schools (SFS) - section 5.4.2 states that Governing Bodies must provide annual audit certificates in respect of any unofficial funds under their control. The accounts of such funds must be maintained with receipts held for all transactions and must be audited on an annual basis.

A review of the school website and discussions with the School Business Manager confirmed that there is no unofficial fund in operation at the school as per the interpretation described in the SFS. However, there is a group who raise funds on behalf of the school.

Although the group does not fall within the remit of the SFS rules, they do fall within the interpretation of the term 'voluntary' fund as per the SFVS guidance and best practice would be for the group to present an audited statement of account to the Governing Body on an annual basis. Based on testing conducted a low risk improvement exception has been raised.

Completion of the audit Assurance Level: No Assurance

The **Schools Financial Value Standards** (SFVS) statement for year ending March 2020 confirms compliance with 25 out of the 29 questions in the standard and 'in part' for 4. However, there is no evidence that the Governing Body were involved in the comments, supporting evidence or proposed actions during the completion of this document. In addition, there is no evidence in the Full Governing Body minutes that the SFVS was agreed by the Full Governing Body before it was submitted to the Local Authority.

In summary, the results of the internal audit review are that 12 high, 3 medium and 1 low risk exceptions have been raised. These results do not correlate with the SFVS self-assessment submitted by the school and, as such, is deemed 'not in line with our judgement'. Therefore based on the SFVS statement and the results of the audit, no assurance can be given that the effectiveness and accountability of the financial management is of low risk to the school.