

MUNICIPAL YEAR 2019/2020 REPORT NO. 30

MEETING TITLE AND DATE:

Audit and Risk Management
Committee
- 19 June 2019

REPORT OF:

Director of Law and Governance

Contact officer and telephone number:
Gemma Young, 07900 168938

Email: Gemma.Young@enfield.gov.uk

Agenda - Part:	Item: 7
Subject: Draft Annual Schools Internal Audit Letter 2018/19	
Wards: All	
Cabinet Member consulted:	N/A

1. EXECUTIVE SUMMARY

- 1.1. Internal Audit carried out 13 schools' audits in 2018/19.
- 1.2. The attached draft letter summarises the finding from those audits. Generally, the level of audit assurance is similar to 2017/18 – 77% of schools audited received a Substantial or Reasonable assurance (2017/18: 78%) and 23% received a Limited or No Assurance rating (2017/18: 22%).
- 1.3. The number of actions raised in total has declined steadily from 206 in 2015/16 to 145 in 2018/19.
- 1.4. The prime areas of concern, as in previous years, are in relation to controls around procurement and income.

2. RECOMMENDATIONS

- 2.1 To note the contents of the draft letter due to be issued to Headteachers, Chairs of Governors and Chairs of Finance Committees
- 2.2 To note the issues raised in the letter and provide comment on this draft letter.

3. BACKGROUND

3.1 Each year, Internal Audit carries out a programme of schools' audits and issues a letter to Headteachers, Chair of Governors and Chairs of Finance Committees summarising the findings during the year. This letter aims to highlight common issues so that they can be addressed in the following year.

3.2 The draft letter is being presented to Audit and Risk Management Committee for information and comment prior to issue to Headteachers, Chairs of Governors and Chairs of Finance Committees.

4. ALTERNATIVE OPTIONS CONSIDERED

No alternatives have been considered as this is a standard annual report.

5. REASONS FOR RECOMMENDATIONS

The Audit and Risk Management Committee requested sight of this annual report to schools.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

No financial implications arise directly from the review of the draft Annual Schools Internal Audit Letter 2018/19.

6.2 Legal Implications

Section 151 of the Local Government Act 1972 requires the Local Authority's Financial Officer (that is, the Executive Director for Resources) to be responsible for the 'proper administration of the financial affairs of the Authority', which includes the Local Authority maintained schools. Further, under the Accounts and Audit Regulations 2015 the Council is required to maintain an adequate and effective internal audit of its accounting records and control systems, which again includes the Council's schools. This audit report is prepared as part of discharging the London Borough of Enfield's obligations enlisted herein.

6.3 Property Implications

No property implications arise directly from the review of the draft Annual Schools Internal Audit Letter 2018/19.

7. KEY RISKS

Carrying out an annual programme of schools' audits is an integral part of the Council's approach to risk management.

8. IMPACT ON COUNCIL PRIORITIES - CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

8.1 Good Homes in Well-Connected Neighbourhoods

This report does not impact the priority of good homes in well-connected neighbourhoods.

8.2 Sustain Strong and Healthy Communities

Effective governance of local authority maintained schools contributes to the strong and healthy communities in the Borough.

8.3 Build our Local Economy to Create a Thriving Place

Effective government of local authority maintained schools contributes to the overall local economy.

9. EQUALITIES IMPACT IMPLICATIONS

No equality impact assessment/analysis has been carried out as this is a report for information and comment only and does not make proposals affecting equalities.

10. PERFORMANCE AND DATA IMPLICATIONS

There are no performance and data implications.

11. PUBLIC HEALTH IMPLICATIONS

Effective governance of local authority maintained schools ensures that public health issues are addressed in the school curriculum, leading to improved public health in the Borough.

Background Papers

None

All Headteachers
All Chairs of Governors
All Chairs of Finance/Resources

Please reply Lisa Byrne
to:

E-mail: Lisa.byrne@enfield.gov.uk

Phone: 020 8379 3709

Textphone:

Fax:

My Ref:

Your Ref:

Date: June 2019

Dear Headteacher, Chair of Governors and Chair of Finance/Resources

2018/19 School Audits

As part of the 2018/19 Internal Audit Plan approved by the Council's Audit and Risk Management Committee, Internal Audit carried out a review of governance and financial management in 13 schools across the borough. We also undertook a grant certification for one school.

Our work involved carrying out targeted internal audit testing to assess the adequacy and effectiveness of financial management within each school visited. The testing carried out broadly aligns to the areas covered by the Schools Financial Value Standard (SFVS). We examined the major processes in these schools to assess compliance with the Scheme for Financing Schools and the Council's Finance Manual for Schools, including the Contract Procedure Rules, and to check whether good governance and financial practices were applied throughout.

School Leadership Teams should use this report to identify potential risk areas or opportunities in their own school and to make improvements as required. It may also help as a prompt when completing the 2019/20 SFVS return.

Overall Report Opinions

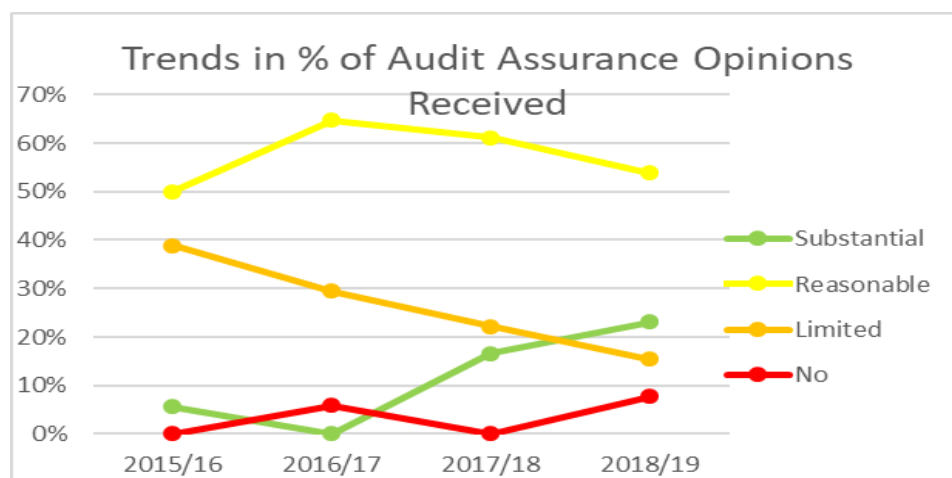
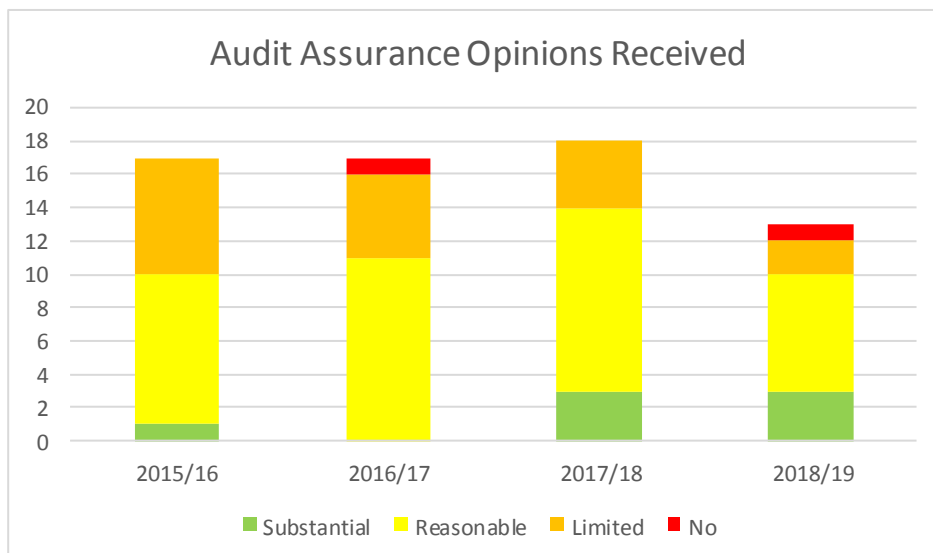
All reviews undertaken covered the operating effectiveness of processes and controls falling under 10 scope areas. These are detailed in Appendix 1.

Of the schools reviewed in 2018/19, 3 (21%) received a Substantial Assurance opinion, 7 (50%) received a Reasonable Assurance opinion and 2 (15%) received a Limited Assurance opinion and 1 school (8%) received a No Assurance opinion. Definitions of internal audit assurance levels are provided in Appendix 3.

Comparing against 2017/18 results, there has been no significant movement in either positive assurance opinions (Substantial and Reasonable) - 77% against 78% the

previous year, or negative assurance reports (Limited and No Assurance) - 23% against 22%.

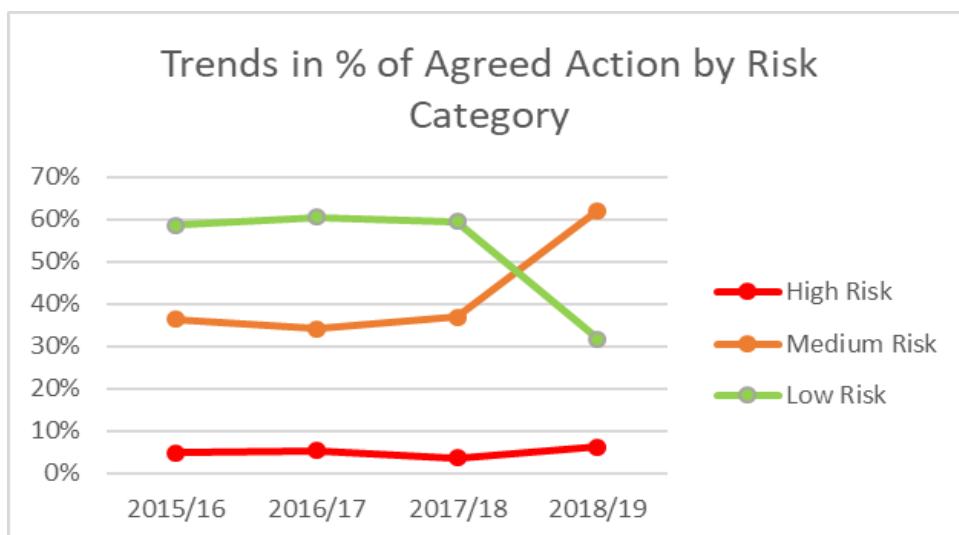
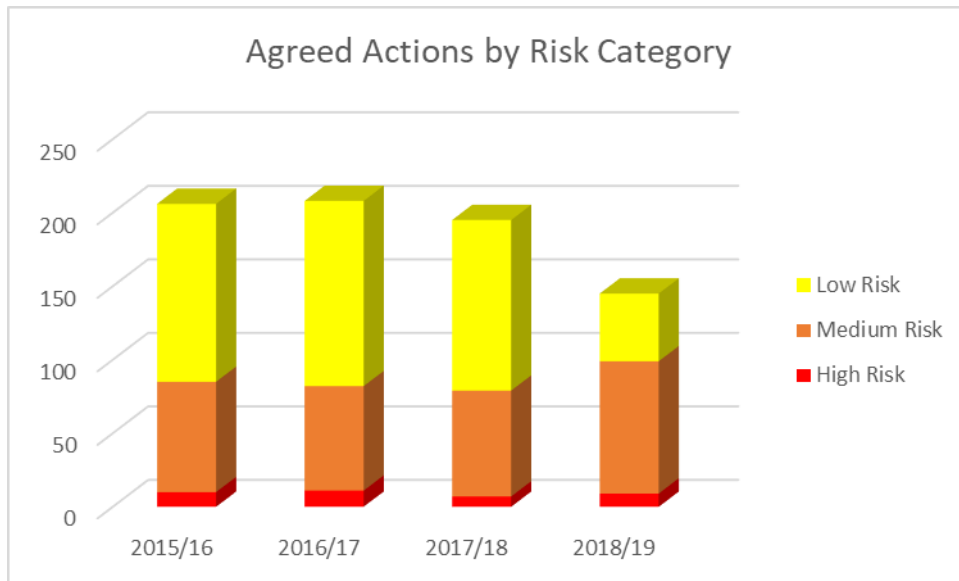
These opinions, together with the trend from 2015/16, are shown in the charts below:



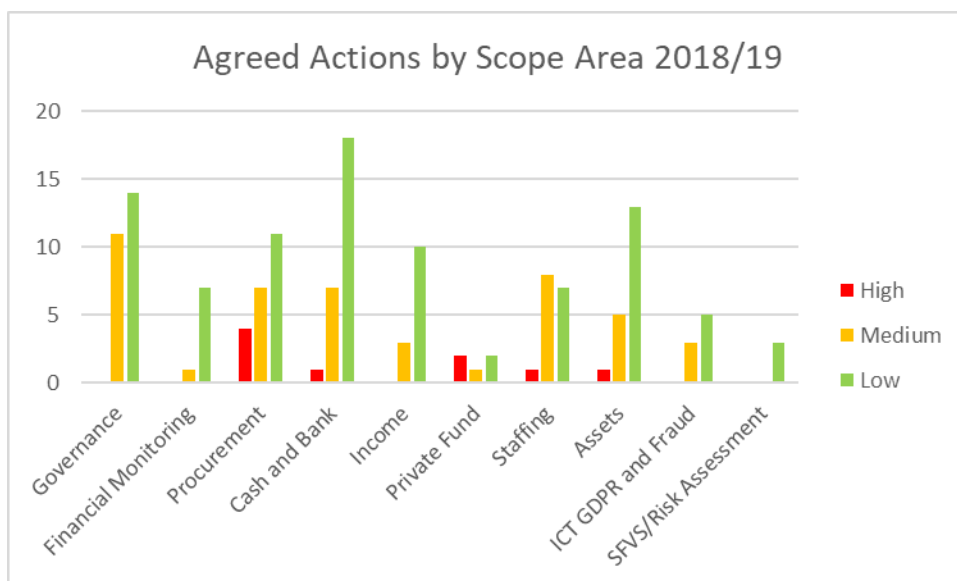
Analysis of agreed actions

Actions for improvement have been agreed with Headteachers to address the risks identified by our internal audit work. In 2017/18, 195 actions were agreed, including 7 relating to high risk findings. The number of actions in total has declined steadily from 206 in 2015/16 to 145 in 2018/19. Controls around procurement and income remain the prime areas of concern.

An analysis and trends of the agreed actions are shown in the following graphs:



The actions agreed during 2018/19 for each scope area are shown in the following graph:



Summary of Findings

Governing Bodies have a responsibility to ensure that they have appropriate controls in place at their school to meet the regulatory framework for finance and financial management as required by statute and detailed in the local Scheme for Financing. Detailed below are the main themes and areas for improvement identified from the reviews. It is recommended that Governing Bodies consider the items listed and be assured that their schools have appropriate controls in place.

Governance	
Governing Body and Committee Minutes	<ul style="list-style-type: none"> Insufficient detail regarding discussions held and key decisions made, particularly around approval of key documents.
Register of Business Interests	<ul style="list-style-type: none"> Not completed annually by all Governors or all members of staff with financial responsibility (as stated in the Scheme of Delegation) Governors' interests not posted on a publicly available website or not up to date
Delegated Authority	<ul style="list-style-type: none"> Inconsistencies between the Organisational Arrangements/Terms of Reference documents and the Scheme of Delegation documents. Scheme of Delegation: <ul style="list-style-type: none"> Incomplete or not demonstrating appropriate separation of duties. No evidence of Governing Body approval. Actions not completed in accordance with the agreed scheme of delegation

Budget Setting and Financial Monitoring

Finance Returns

- No minutes of:
 - The three-year budget return having been presented to the Governing Body
 - Approval of the three-year budget by the Governing Body
 - Quarterly Returns having been presented to the Finance/Resources Committee or the Governing Body
 - Approval of the Quarterly Returns by the Finance/Resources Committee or the Governing Body
- Quarterly returns not reconciling to the school's finance records and/or not checked before being submitted to the Council

Expenditure

Contracts and Purchasing

- Non-compliance with the Council's Contract Procedure Rules, particularly around obtaining the required number of quotes
- Contracts not signed by both the school and the contractor.
- Official orders not completed and authorised for all goods and services *prior* to placing the order
- Expenditure above the Headteacher's delegated limit not approved by, where possible in advance, the Governing Body in line with the school's Scheme of Delegation.
- Inadequate evidence of a three-way match (between the order, the goods or services received and the invoice) prior to payment

Cash and Bank

Staff reimbursements

- Staff reimbursements paid despite not being authorised
- Items delivered to a location other than the school

Commercial and Store cards

- Insufficient evidence of pre-authorisation, reconciliation and monitoring of purchases made on the school's commercial and /or store cards.

BACS Payments

- Insufficient separation of duties in setting up, approving and amending vendor details.

Income

Income reconciliations

- Inadequate controls around income records, including the absence of regular reconciliations of expected income to income received and banked.
- No evidence of appropriate separation of duties through independent checks.

Private fund	
Reconciliations	<ul style="list-style-type: none"> • No monthly bank reconciliations
Audit of Accounts	<ul style="list-style-type: none"> • Annual accounts not independently audited • Audited annual accounts not presented to the Governing Body for approval
Staffing	
New starters	<ul style="list-style-type: none"> • Appropriate pre-employment checks not completed
Assets	
Insurance	<ul style="list-style-type: none"> • Dual cover in place with different organisations
Inventory records	<ul style="list-style-type: none"> • Incomplete inventory records • No annual independent inventory checks

A summary of our key findings and recommended actions to mitigate the associated risks is given at Appendix 2. This summary allows all schools to learn from the common findings of the 2018/19 Internal Audit work and to prevent the reoccurrence of these incidents going forward.

Annual returns submitted to Internal Audit

Schools Financial Value Standard (“SFVS”)

The SFVS was designed in conjunction with schools:

- to assist schools in managing their finances; and
- to give assurance that schools have robust financial management processes in place.

Governing Bodies have responsibility for overseeing the financial management of their schools, so the standard is primarily aimed at Governors. Local Authority maintained schools are required to complete the SFVS return annually.

Every Enfield school required to do so, submitted their 2018/19 SFVS return to Internal Audit.

In reviewing the returns, we noted:

- 4 of the 31 schools that stated all controls were in place and no remedial action was required, had received Limited Assurance opinions in their most recent audits
- A further 11 schools also stated all controls were in place and no remedial action was required. In these cases, although the schools had received an overall Reasonable Assurance audit opinion:
 - six of the reports included one high risk finding; and
 - the remaining five reports included five or more individual medium risk findings.

Therefore, it is important that, when completing the SFVS return, governors ensure that they can confirm that appropriate processes and adequate controls are in place or, where weaknesses are identified, an appropriate remedial action plan is developed.

Risk Assessment and Financial Control Checklist

The Risk Assessment and Financial Control Checklist is intended to help schools and Governors self-review their level of internal control and to assess the likelihood and impact of any risk arising from lack of controls. We are pleased to report that all schools submitted this return to Internal Audit for 2018/19.

Risk Assessment and Financial Control Checklists are not required for 2019/20. We will continue to assess risk through our programme of school audits. The requirement to submit Risk Assessment and Financial Control Checklists will be reviewed annually.

Internal Audit offers audit and fraud training for both Governors and School Business Managers (SBMs). The training programme is developed with the School Standards and Support Service and can be accessed through the Service's [training portal](#). Internal Audit representatives also regularly attend and present at SBM meetings, conferences and partnership groups to advise on how schools can address the non-compliance issues raised in this letter.

Should you have any comments on this report, require further clarification or want to raise any concerns, the Internal Audit team would be happy to discuss these with you (please see below for contact details).

Yours sincerely,

Gemma Young
Head of Internal Audit and Risk Management

Copies to: Schools Forum
Clara Seery, Acting Director of Education
Linda Stone, Head of Standards and Curriculum
Louise McNamara, Finance Manager
Sarah Fryer, Head of Schools Personnel Service
Sangeeta Brown, Resources Development Manager
Tony Theodoulou, Executive Director, People
Fay Hammond, Executive Director, Resources
Matt Bowmer, Director of Finance
Jeremy Chambers, Director of Law and Governance
Marion Cameron, Audit and Risk Manager
Lisa Byrne, Senior Internal Auditor

Internal Audit Contact Details

internal.audit@enfield.gov.uk

lisa.byrne@enfield.gov.uk

020 8379 3709

APPENDIX 1 - Scope Areas

Scope Area:	To ensure that:
Governance	<ul style="list-style-type: none"> • Roles and responsibilities of the Governing Body and sub-committees are clearly defined. • Governance meetings and minutes demonstrate discussion and decision making to ensure the school meets all its statutory obligations and complies with the Council's financial regulations. • A complete and up to date register of business interests of all governors, and staff with financial responsibility, is maintained at the school.
Budget setting & Financial monitoring	<ul style="list-style-type: none"> • Good financial management exists, including the provision of regular budget reports, which are reviewed by senior management and the Governing Body.
Expenditure	<ul style="list-style-type: none"> • Expenditure is legitimate, complies with the Council's Finance Manual for Schools' and the Council's Contract Procedure Rules and is authorised appropriately. • Governing Bodies review expenditure to determine that their school's resources are well spent and provide value for money.
Cash & Bank	<ul style="list-style-type: none"> • Bank balances are managed to ensure that the school does not become overdrawn. • There are appropriate controls in place over payments including reimbursements to staff and payments made via bank cards. • There are appropriate controls over cash and cheques held on school premises • Appropriate separation of duties exists to reduce the risk of fraud and error.
Income	<ul style="list-style-type: none"> • Charges are levied in line with authorised scales • Receipts are banked promptly and in full. • Accurate records of all income due or collected are maintained by the school. • Appropriate separation of duties exists to reduce the risk of fraud and error.
Private/School Fund	<ul style="list-style-type: none"> • The standard for the guardianship of the private fund is as rigorous as for the administration of the school's delegated budget.
Employees	<ul style="list-style-type: none"> • Staff are adequately vetted to ensure their suitability for employment. • Payments to permanent, supply and agency staff are valid and appropriately authorised.

Scope Area:	To ensure that:
School Assets	<ul style="list-style-type: none"> • Appropriate processes are in place to ensure that assets are security marked • Full and accurate records of assets are maintained. • There are appropriate and up to date business continuity and disaster recovery plans.
GDPR, ICT Security and Fraud Awareness	<ul style="list-style-type: none"> • Appropriate controls exist over general security at the school, including information, hardware and software. • The requirements of the current General Data Protection Rules are adhered to.
SFVS and Risk Assessment Returns	<ul style="list-style-type: none"> • The school's self-certified responses on the SFVS and the Risk Assessment and Financial Control Checklist accurately reflect controls in operation.

APPENDIX 2 - Key Findings and Actions

Finding	Risk	Action
GOVERNANCE		
<p>1</p> <p>Governing Body and Committee Minutes</p> <p>Examination of the minutes of Governing Body and Committee meetings highlighted that:</p> <ul style="list-style-type: none"> • There was insufficient detail regarding discussions held, and key decisions and approvals made at meetings. • The Headteacher acted as the clerk at committee meetings, contrary to section 10(3) and 23(2) of the School Governance Roles, Procedures and Allowance regulations dated 2013. • Insufficient clarity around who were members of the Governing Body/Committee and in what capacity people were attending. Also, in some cases the name of the clerk was not included in the minutes. • Although a reminder to Governors to declare any 	<p>Where actions, decisions and assigned responsibilities are not formally recorded, they may not be carried out or may be implemented contrary to the agreed decision.</p> <p>Without the provision of clear minutes of its meetings and the decisions made, the Governing Body may not be able to demonstrate it is operating effectively, transparently and in the best interests of the school.</p> <p>There may be a conflict of interest, or details may be missed, where the key attendee is preparing and discussing matters and is also taking the minutes of the meeting.</p>	<p>Future Governing Body and Committee minutes will:</p> <ul style="list-style-type: none"> • record the title of the documents received in advance or tabled at the meeting • record all discussions and decisions made • ensure that all key financial returns and documentation presented are clearly approved. • not be clerked by the Headteacher • include the capacity in which all those present are attending • include all declarations of interest, including nil returns

Finding		Risk	Action
	<p>personal interests was recorded on the meeting agendas, the responses, including nil declarations, were not included in the minutes.</p>		
2	<p>Register of business interests</p> <p>Examination of registers of business interests highlighted that:</p> <ul style="list-style-type: none"> not all Governors had completed a business interest form. governors' declarations were out of date typed forms for governors had been received electronically, but with no supporting evidence to confirm it was genuine. staff with financial responsibilities had either not completed a business interest form or the form was incomplete. The register of business interests for Governors published on the school website as required by the Scheme for Financing Schools section 2.9 was 	<p>Governors' or staff private or personal interests may impact adversely on decisions taken by the school if potential conflicts are not declared and visible.</p>	<p>The school will ensure that the register of business interests, is up to date and completed by all Governors and members of staff with financial responsibility (as specified in the school's Scheme of Delegation).</p> <p>Individual forms and the information published on the school's website will be updated annually or as and when circumstances change.</p>

Finding		Risk	Action
	either incomplete or out of date.		
3	<p>Delegated Authority</p> <p>The Organisational Arrangements Delegation of Functions was found to be incomplete, or out of date.</p> <p>The Scheme of Delegation did not ensure that financial activity across all business areas was appropriately delegated taking separation of duties into account.</p> <p>Through testing, we:</p> <ul style="list-style-type: none"> noted instances where transactions were undertaken by individuals who did not have the appropriate delegated authority found instances where the Office Manager had the authority to sign orders, undertake goods receipting, check and authorise invoices, process information on the finance system and authorise payments, sign cheques and undertake the bank reconciliation. In these circumstances there is 	<p>Staff could act outside the scope of their authority, which may result in unlawful, unauthorised or inconsistent practices occurring, unauthorised procurement and value for money not being achieved.</p> <p>Where one individual is authorised to approve a transaction at all steps of its journey (i.e. there is no separation of duties), the risk of fraud is increased.</p>	<p>The school will review the Scheme of Delegation to ensure it:</p> <ul style="list-style-type: none"> includes transactions across all business areas includes appropriate separation of duties complies with the Council's Finance Manual for Schools is kept up to date <p>Any changes to the Scheme of Delegation will be approved and minuted by the Governing Body.</p>

Finding		Risk	Action
	<p>potential for insufficient separation of duties throughout the financial processes leading to the risk of fraud.</p> <p>Delegation to committees and/or individuals through the Organisational Arrangements and/or Terms of Reference, was not agreed by the Governing Body.</p>		
BUDGET SETTING AND FINANCIAL MONITORING			
4	<p>Approval of finance returns</p> <p>Minutes of Governing Body/Committee meetings did not evidence the approval of the three-year working budget and/or quarterly returns or did not demonstrate that approval was given within a reasonable timeframe.</p> <p>We also noted some exceptions when reconciling the Consistent Financial Reporting (CFR) budget returns to the underlying records from the finance system.</p>	<p>The Governing Body may not be able to discharge its responsibility for effective budget monitoring and control.</p>	<p>The three-year working budget will be reviewed and approved by the Governing Body or delegated committee. Such review and approval will be formally minuted.</p> <p>The three-year working budget will be reviewed and approved by the Governing Body as required by the Scheme for Financing Schools, section 1.5, prior to submission to the Council. This review and approval will be formally minuted.</p>

Finding	Risk	Action
EXPENDITURE		
5	Contracts and Expenditure Testing	
	<p>Where contracts for services were renewed annually, we noted the following exceptions in relation to the Council's Contract Procedure Rules:</p> <ul style="list-style-type: none"> • the full life of the contract had not been considered • the appropriate number of quotations had not been obtained • where the total value of the transaction was above the Headteacher's delegated limit, the expenditure had not been approved in advance by the Governing Body • where the Council's Contract Procedure Rules had not been followed, a waiver had not been agreed by the Governing Body <p>There was no contract signed by</p>	<p>Non-adherence to the Council's Contract Procedure Rules may:</p> <ul style="list-style-type: none"> • lead to poor decision making • result in not achieving the best value for money when using public funds • increase the risk of fraud <p>The school will adhere to the Council's Contract Procedure Rules, as specified in the Scheme for Financing Schools section 2.10.</p> <p>Where contracts are renewed annually (or an on-going service is provided by the same supplier), the arrangement will be market tested at least every four years or more frequently as determined by the Governing Body. The value of the contract for Contract Procedure Rules assessment will be calculated by multiplying the annual cost by 4 (or the monthly payment by 48).</p> <p>The school will ensure that the documentation relating to quotations and tenders is retained in accordance with the Retention of Documents Policy (appendix 1 of the Schools' Finance Manual).</p> <p>Where quotation requirements cannot be adhered to, and if there is a good cause, a waiver of contract procedure rules will be</p>

Finding	Risk	Action
<p>both parties.</p> <p>Detailed testing of expenditure revealed the following contraventions of the Council's Contract Procedure Rules:</p> <ul style="list-style-type: none"> • purchase orders not raised or raised retrospectively. • orders and/or invoices not authorised or not authorised in line with the agreed Scheme of Delegation. • appropriate number of quotes not obtained and retained. • late payment of invoices 		<p>completed. This arrangement will be approved by the Governing Body and formally minuted.</p> <p>Contracts with a total value over the EU threshold (currently £164,000), cannot be waived and in such cases, the appropriate tendering process will be followed.</p> <p>All expenditure above the Headteacher's delegated limit will be approved by the Governing Body, in accordance with the school's Scheme of Delegation, and any discussion/decision recorded in the minutes of the meeting to provide evidence of this approval.</p> <p>The school will ensure that controls are in place for an effective three-way check between the order raised, goods or services received and the invoice payment to take place. Appropriate separation of duties, in line with the agreed Scheme of Delegation, will be incorporated throughout the process.</p>

Finding	Risk	Action
CASH AND BANK		
<p>6 Commercial and Store Cards</p> <p>Testing highlighted inadequate controls in place over the use of commercial and store cards including:</p> <ul style="list-style-type: none"> • no pre-authorisation of expenditure. • absence of records/receipts • no monthly reconciliation between the statement and receipts or invoices • monthly reconciliation not signed and dated • no approval of the monthly reconciliation by an independent member of staff (usually the Headteacher) • delivery to an address other than the school address with no independent verification that the goods were received in the school 	<p>The school could be vulnerable to fraud, loss or misappropriation of monies through inappropriate use of the business cards.</p>	<p>Appropriate controls for the use of a business card will be implemented in accordance with the Council's Finance Manual for Schools, section 7.27-7.46. These controls will include separation of duties, pre-authorisation of orders and reconciliation of card statements with receipts or invoices.</p> <p>Goods will be delivered to the school address. In exceptional circumstances where this is not possible, an independent person will sign to confirm the school received the goods.</p>

Finding	Risk	Action
<p>7</p> <p>Staff reimbursements by cash and cheque</p> <p>Testing highlighted inadequate controls in place over reimbursements to staff including:</p> <ul style="list-style-type: none"> • claims not authorised • claims authorised by someone without the appropriate delegated authority • claimants not signing to confirm receipt of cash reimbursement • petty cash was not checked and verified by two members of staff to confirm that the amount held balanced with the records held on the finance system 	<p>Ineffective controls over staff reimbursements could result in loss, fraud or misappropriation of school funds.</p>	<p>Appropriate controls for staff reimbursements will be implemented in accordance with the Council's Finance Manual for Schools, section 7.67-7.81.</p>
<p>8</p> <p>Reconciliations</p> <p>A reconciliation between the school's bank statement and the records held on the finance system, was not undertaken monthly.</p>	<p>If reconciliations are not carried out on a timely basis and are not verified by two members of staff, discrepancies or fraudulent transactions may go undetected.</p>	<p>The school will ensure that reconciliations are undertaken monthly and that they will be signed and dated by both the preparer and independent reviewer.</p>

Finding		Risk	Action
9	<p>BACS Payment Controls</p> <p>New vendors could be set up on the School's finance system by anyone in the Finance Office and the set-up of new vendors did not require any authorisation.</p> <p>Also, any changes to vendor details could be actioned by the same Finance Officers. In these circumstances there is insufficient separation of duties throughout the process.</p>	<p>Where new vendors are not checked and verified, or amendments are made to existing vendor details without approval, fraudulent activity may occur, or error may go undetected.</p>	<p>The school will review its processes to ensure it has suitable separation of duties in place.</p>
INCOME			
10	<p>Processing Income</p> <p>Detailed testing highlighted inadequate controls in place over school income including:</p> <ul style="list-style-type: none"> no reconciliation between expected income, income received, and income banked (e.g. for breakfast club, afterschool club, uniform sales, etc) no signed and dated independent review of the above reconciliation. Regular 	<p>If regular reconciliations are not performed:</p> <ul style="list-style-type: none"> income may be lost or misappropriated error may go undetected income due may not be collected <p>Where signatures and dates are absent, the school may be unable to demonstrate that there is separation of duties and accountability for income</p>	<p>Appropriate records will be kept of all income received, with regular reconciliations being undertaken and independently checked.</p> <p>Regular stocktakes of uniform and other school items sold should be undertaken against records of items held. Stocktakes should be undertaken by two individuals who should sign and date the records.</p>

Finding		Risk	Action
	<p>stock takes were not undertaken.</p> <ul style="list-style-type: none"> reconciliations undertaken were not always signed and dated by the person carrying out the reconciliation nor by the independent reviewer. 		
11	<p>Lettings</p> <p>Examination of the records held for lettings highlighted instances where a booking form for the hire had not been completed. In addition, of those completed some were:</p> <ul style="list-style-type: none"> not signed by both parties not updated following changes not completed in full to confirm that appropriate safeguarding checks (where applicable) and insurance arrangements were in place and evidenced. 	<p>Without signed hire agreements the School may be unable to resolve a dispute should one arise.</p> <p>If hirers do not have appropriate employer's and public liability insurance in place it could result in legal action being taken against the School in the event of an incident occurring.</p>	<p>Booking forms will be completed for all lets and will detail the relevant periods of hire, and insurance required. The booking forms will be appropriately authorised by the hirer and in accordance with the School's Scheme of Delegation. Covering emails for electronically signed booking forms will be retained with the form as evidence that the form was submitted by the responsible individual.</p>
PRIVATE FUND			
12	<p>Private Fund Records</p> <p>Examination of private fund records</p>	<p>The school may not be able to demonstrate satisfactory</p>	<p>The school will ensure that the</p>

Finding		Risk	Action
	<p>highlighted the following:</p> <ul style="list-style-type: none"> • bank reconciliations were not undertaken • the accounts were not audited annually • audited annual accounts were not presented to the Governing Body for approval 	<p>stewardship and management over the private fund.</p> <p>Discrepancies or fraudulent transactions may not be identified, investigated and resolved.</p>	<p>Private Fund bank account is reconciled monthly and that the reconciliation is independently reviewed, in accordance with the Scheme of Delegation.</p> <p>The reconciliations will be signed and dated by the preparer and the reviewer to evidence the checks undertaken.</p> <p>The school will ensure that the annual accounts are audited and that these audited accounts are presented to the Governing Body for approval annually.</p>
STAFFING			
13	<p>New Starters</p> <p>Examination of new employee records highlighted:</p> <ul style="list-style-type: none"> • pre-employment checks not being undertaken prior to employment commencing • Videpay forms for new starters were sent after employment commenced. • DBS checks were dated 	<p>If the appropriate pre-employment checks are not completed prior to the commencement of employment:</p> <ul style="list-style-type: none"> • unsuitable appointments may be made. • children's' welfare may be put at risk. <p>Late submission of Videpay instructions could result in the late payment of salary</p>	<p>Prior to employment commencing the schools will ensure:</p> <ul style="list-style-type: none"> • all pre-employment checks are completed • all appropriate paperwork is submitted to Schools Personnel Service.





Finding		Risk	Action
	<p>more than three months prior to employment commencing, contrary to guidance from Schools' Personnel Service.</p> <ul style="list-style-type: none"> One resignation letter was not held on file at the School, as the member of staff's resignation was received verbally, despite a request for a written resignation. A letter to confirm the termination of employment was not issued by the School. 		
ASSETS			
14	<p>Insurance</p> <p>Examination of the School's insurance policy purchased through the (London Diocesan Board for Schools (LDBS) found that the 2018/19 policy cover included both buildings and contents.</p> <p>Furthermore, we were advised by the Council's Insurance Department that the School bought into a policy which also included</p>	<p>Insurers may not be able to protect themselves from being liable for the full cost of an insurance claim if the School does not inform them of their double insurance policy and a claim could be made to each insurance provider, which would constitute as fraud.</p> <p>The School is not achieving good value for money by having two overlapping policies.</p>	<p>The School will review the insurance cover it has in place, including any implications of being a voluntary aided school, to ensure there is no duplication and that the premium paid provides the appropriate cover and offers good value for money. Any duplicated cover will be terminated with immediate effect.</p> <p>If insurance is purchased outside of the Council's service, the</p>

Finding		Risk	Action
	<p>cover for both buildings and contents</p> <p>Therefore, the School had unnecessary dual cover from two organisations.</p>		School will ensure that the appropriate procurement processes are followed.
15	<p>Inventory Records</p> <p>Examination of inventory records highlighted:</p> <ul style="list-style-type: none"> items listed in the inventory records not being found in the school physical assets in the school not listed in the inventory records. no evidence of a full independent check of inventory being undertaken annually 	<p>If the asset register is incomplete or inaccurate, this could limit the school's ability to track its assets and the school may be unable to make an accurate insurance claim should the need arise.</p> <p>If annual inventory checks are not undertaken, misappropriated or lost items of equipment may not be identified, and corrective action may not be possible.</p> <p>Any missing equipment may impact the ability to deliver key functions.</p>	<p>The school will ensure that the inventory records are kept up to date and are reviewed for old and obsolete items.</p> <p>The school will undertake an independent inventory count annually. Records relating to the inventory count will be signed, dated and retained as evidence of the count.</p>
ICT GDPR AND FRAUD AWARENESS			
16	<p>Business Continuity and Disaster Recovery Plan</p> <p>The school did not have a Business Continuity and Disaster</p>	<p>The School may not be prepared or have adequate plans in place to ensure continuity following a serious incident.</p>	<p>A Business Continuity and Disaster Recovery plan will be</p>

Finding		Risk	Action
	Recovery Plan in place, or one that was in place was out of date or not fully completed.		compiled and will be held by the School to ensure that there are adequate arrangements in place in the event of an emergency. The School may wish to consider using the template and guidance provided by the Council.
17	<p>Data Protection & Security-USBs</p> <p>We were advised that encrypted USBs had been issued to staff. However, there were no controls in place to prohibit the use of unencrypted removable media.</p>	<p>If unencrypted USB sticks are used to hold sensitive data, this data could be shared or used unlawfully putting staff and/or students at risk.</p> <p>GDPR breaches may also lead to the School being fined.</p>	<p>The School will review its process for data protection and ensure that appropriate measures are put in place.</p>
18	<p>Loan of equipment</p> <p>An examination of the forms held highlighted that some of the forms held for ex-employees stated that the item loaned had not been returned.</p> <p>The School were unable to confirm whether these items of equipment had been returned.</p>	<p>Insufficient controls around the loan of assets could result in assets being removed from the School and not returned. Additionally any misappropriated or lost items of equipment may not be identified in time to allow corrective management action to be taken.</p>	<p>The School will review its process for leavers to ensure that all loaned equipment is returned to the school and recorded as such.</p>

APPENDIX 3 - Definition of Risk and Assurance Ratings

Risk rating	
<p>Critical</p> <p>●</p>	<p>Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance. Mass strike actions etc.</p> <p>Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers.</p> <p>Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects – elected Members & SMBs are required to intervene</p> <p>Major financial loss – Significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council; Critical breach in laws and regulations that could result in material fines or consequences</p>
<p>High</p> <p>●</p>	<p>Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff.</p> <p>Significant impact on the reputation or brand of the organisation; Scrutiny required by external agencies, Audit Commission etc. Unfavourable external media coverage. Noticeable impact on public opinion</p> <p>Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome med – term difficulties High financial loss Significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences</p>
<p>Medium</p> <p>●</p>	<p>Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff.</p> <p>Moderate impact on the reputation or brand of the organisation; Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage.</p> <p>Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service action will be required.</p> <p>Medium financial loss - Small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences</p>
<p>Low</p> <p>●</p>	<p>Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale</p> <p>Internal Review, unlikely to have impact on the corporate image. Minor impact on the reputation of the organisation</p> <p>Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines.</p> <p>Minimal financial loss – Minimal effect on project budget/cost. Minor breach in laws and regulations with limited consequences</p>
<p>Advisory</p> <p>●</p>	<p>Advisory findings or observation that would help to improve the system or process being reviewed or align it to good practice seen elsewhere.</p> <p>Does not require a formal management response.</p>

Level of assurance	
Substantial 	No significant improvements are required. There is a sound control environment with risks to key service objectives being well managed. Any deficiencies identified are not cause for major concern.
Reasonable 	Scope for improvement in existing arrangements has been identified and action is required to enhance the likelihood that business objectives will be achieved.
Limited 	The achievement of business objectives is threatened and action to improve the adequacy and effectiveness of the risk management, control, and governance arrangements is required. Failure to act may result in error, fraud, loss or reputational damage.
No 	There is a fundamental risk that business objectives will not be achieved, and urgent action is required to improve the control environment. Failure to act is likely to result in error, fraud, loss or reputational damage.