RHONDDA CYNON TAF

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

AUDIT COMMITTEE **29th April 2019**	**AGENDA ITEM NO. 5**
REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES	**FINALISED AUDIT ASSIGNMENTS**

Author: Paul Griffiths (Service Director – Finance and Improvement Services)

1. **PURPOSE OF THE REPORT**

1.1 This report provides Members with a summary of audit assignments completed between 12th March 2019 and 12th April 2019.

2. **RECOMMENDATIONS**

It is recommended that Members:

2.1 Seek clarity and explanation where there are areas of concern.

2.2 Identify further action to be taken where deemed necessary.

3. **REASON FOR RECOMMENDATION**

3.1 To help ensure that Audit Committee discharges its responsibilities in respect of reviewing the overall control environment in place across the Council.

4. **BACKGROUND**

4.1 The Audit Committee Terms of Reference (Point D) requires it to '*Review, scrutinise and issue reports and recommendations in relation to the Authority's financial affairs, and providing the opportunity for direct discussion with the auditor(s) on these*'.

4.2 In line with this requirement **Appendix 1** provides a summary of the audit assignments completed between 12th March 2019 and 12th April 2019. Members will note that the summary provides for each assignment: the Introduction, Scope & Objectives, Auditor's stated opinion and a summary of all recommendations made for each audit review completed to final report stage within the stated period.

4.3 To help ensure Audit Committee effectively discharges the responsibility as set out in its Terms of Reference (and replicated at point 4.1 above), Members may wish to consider the principles noted below in addition to their own lines of enquiry:

- Are the conclusions made by Internal Audit reasonable / backed up by the findings reported?

- Are the recommendations made by Internal Audit likely to support the necessary improvement in internal control?

4.4 Members will note that 6 audit assignments have been finalised in the period and are set out in Table 1 below.

Table 1 – finalised audit assignments

FINANCE & DIGITAL SERVICES
- DISASTER RECOVERY - FOLLOW UP
- TREASURY MANAGEMENT

EDUCATION & INCLUSION SERVICES
- CWMAMAN PRIMARY SCHOOL
- PARC PRIMARY SCHOOL
- YSGOL GYFUN CWM RHONDDA
- MOUNTAIN ASH COMPREHENSIVE – PURCHASE CARD FOLLOW UP

5. EQUALITY AND DIVERSITY IMPLICATIONS

5.1 There are no equality and diversity implications as a result of the recommendations set out in the report.

6. CONSULTATION

6.1 There are no consultation implications as a result of the recommendations set out in the report.

7. FINANCIAL IMPLICATION(S)

7.1 There are no financial implications as a result of the recommendations set out in the report.

8.   LEGAL IMPLICATIONS *OR* LEGISLATION CONSIDERED

8.1   The provision of regular information in respect of the Council's Internal Audit Service supports the Council in demonstrating compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.

8.2   Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: *"A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control."*

9.   LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

THE COUNCIL'S CORPORATE PLAN PRIORITIES

9.1   The work of Internal Audit aims to support the delivery of the priorities contained within the Council's Corporate Plan – *The Way Ahead*, in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

9.2   The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

10.   CONCLUSION

10.1   The regular provision of all summarised audit assignments to Audit Committee throughout the year is aimed at assisting Members in evaluating the effectiveness of Internal Audit work across all Council systems and services.

10.2   In doing so, it enables Members to form an opinion on the overall control environment of the Council at the end of the financial year.

Other Information:-
Relevant Scrutiny Committee
Not applicable.
Contact Officer – Paul Griffiths (Service Director – Finance and Improvement
                            Services)

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

29th April 2019

FINALISED AUDIT ASSIGNMENTS

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES
Author: Paul Griffiths (Service Director – Finance and Improvement Services)

Item: 5

Background Papers

None.

Officer to contact: Paul Griffiths (Service Director – Finance and Improvement
                              Services)

Appendix 1 - Summary of audit assignments completed between 12th March 2019 and 12th April 2019

FINANCE & DIGITAL SERVICES
AUDIT NAME: DISASTER RECOVERY - FOLLOW UP
DATE FINAL REPORT WAS ISSUED: 29/03/2019

INTRODUCTION

The Council is heavily reliant on its I.T. infrastructure in order to deliver its business. Maintenance of this infrastructure is critical to the Council's ability to function and in the event of a 'disaster' the ability to promptly and comprehensively reinstate systems is critical.

A 'disaster' - in this context - can be defined as a major incident, which affects the Council's ability to carry on business as usual. It could be the failure of an I.T. system or an interruption in power supply. Should an interruption materialise, an appropriate recovery strategy is required.

The overall responsibility for the Council's Disaster Recovery planning lies within the I.T. Service.

Disaster Recovery was last subject to a routine Internal Audit in July 2017.

SCOPE & OBJECTIVES

This follow-up review of Disaster Recovery examined the action taken by Management since the recommendations made were agreed in December 2017.

AUDIT OPINION

The overall control environment in respect of the Council's Disaster Recovery arrangements is considered to be effective, with opportunity for improvement.

It was found that following the last audit review, a review has taken place to amalgamate both the Disaster Recovery Technical Plan and the Virtualisation Environment Disaster Recovery Technical Plan into one overarching plan, namely the Disaster Recovery Technical Plan. At the time of this follow-up review, good progress had been made in doing this; however, although the business critical systems have been identified, the priority of their restoration in the event of a full Disaster Recovery situation still needs to be finalised.

As a consequence, the Disaster Recovery plan has not yet been formally agreed and signed off at SLT/Director level.

Testing for recovering computer systems/applications has now been updated within the new draft Disaster Recovery Technical Plan since the previous audit review. Testing is considered key to placing reliance on the DRP and also the external service provider.

The processes for capture, rotation and secure storage of key data are well documented within the DRP, with Management having now determined that these documents are to be held digitally as opposed to manually at safe off-site locations.

Since the previous review, the diesel generator in Bronwydd that would provide power to the site should there be a power cut has been tested/serviced on a regular basis, with logs available to support this.

Implementing the outstanding recommendation contained in the report will enhance the current levels of control.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	**FINDING**	**RECOMMENDATION**	**IMPLEMENTATION DATE**
5.1.1 High	Discussions with the IT Service Infrastructure Manager established that following the last audit review, a review has taken place to amalgamate both the Disaster Recovery Technical Plan and the Virtualisation Environment Disaster Recovery Technical Plan into one overarching plan. At the time of this follow-up review, good progress had been made in doing this, although it still remains incomplete. Whilst the business critical systems have now been identified, the priority of their restoration should the Disaster Recovery Plan need to be implemented, still needs to be documented. As a consequence, the updated Disaster Recovery Plan has not been completed in full and formally agreed and signed off at SLT/Director level.	Management should ensure the review of the new single Disaster Recovery Technical Plan within IT is completed as soon as possible. As part of the review, and annually going forward, each Service Manager should be contacted to identify business critical systems, with these then prioritised and then agreed within the DRP at SLT/Director level. Once the review is complete, it should then be formally agreed at SLT/Director level on an annual basis.	Implemented

AUDIT NAME: TREASURY MANAGEMENT
DATE FINAL REPORT WAS ISSUED: 18/03/2019

INTRODUCTION

The Treasury Management Team undertakes the management and control of the Council's borrowing and investment function, a service delivered from within the Corporate and Frontline Services Group (Finance Division).

Effective management and control of risk is a prime objective of Treasury Management activities.

SCOPE & OBJECTIVES

In accordance with the Internal Audit plan for 2018/19, a review of Treasury Management was undertaken.

The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the internal control systems operating within the Treasury Management Team. The objective of the review was to:

- Assess the standards set out in the self-assessment checklist and conclude on the adequacy and effectiveness of the controls actually operating.

AUDIT OPINION

Overall, the control environment in respect of Treasury Management is considered to be effective.

At the Full Council meeting held on 28th March 2018, Members approved the Treasury Management Strategy, Investment Strategy, Prudential and Treasury indicators and the Minimum Revenue Provision (MRP) Policy Statement.

On the 25th July 2018, Council received and agreed the 2017/18 Annual Treasury Management Review which included the estimated and actual Treasury position, Prudential and Treasury indicators.

The process developed to manage the Council's investments and borrowing is considered robust and effective.

For the sample selected it was established that low risk investments had been placed with either the Debt Management Office (DMO) or other Public Bodies, which was in line with the Treasury Management Strategy and all had been correctly authorised by an appropriate member of staff, based on the funds available each day from the general or superannuation bank accounts.

This year to date, only short term loans have been taken as required, this report has not identified any issues with the loans taken and repaid.

Although the Treasury Management Practices (TMPs) document sets out the delegation from the Group Director - Corporate and Frontline Services for Treasury Management officers to undertake borrowing and investment, the specific details of the delegation have not been included against the relevant posts

(within the TMPs document).

From September 2015 additional controls were introduced by the team in respect of New Beneficiary / Change of Beneficiary details. It was established that independent 'spot checks' have been undertaken in compliance with the procedure developed.

Implementing the recommendation within this report will help improve the overall control environment in place.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	**FINDING**	**RECOMMENDATION**	**IMPLEMENTATION DATE**
5.1.1 Low	Council has formally approved that the 'Group Director of Corporate and Frontline Services' should formally approve all long term loans taken by the Council or persons authorised on the Director's behalf'. This review has not identified any issues with the loans (short or long term) being taken / repaid during 2018/19, however it was identified that:- • Although it is noted in the Treasury Management Practices that the Group Director Corporate and Frontline Services delegates responsibility for Treasury Management officers to undertake borrowing and investing, the details of delegation are not included against specific posts.	The Treasury Management Practices need to be updated to reflect appropriate delegation to specific posts for investing and borrowing.	30 June 2019

EDUCATION & INCLUSION SERVICES
AUDIT NAME: CWMAMAN PRIMARY
DATE FINAL REPORT WAS ISSUED: 28/03/2019

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a School's financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

The new Cwmaman 3-11 Primary School serving the former pupils of Cwmaman Infants and Glynhafod Junior School opened in September 2018. This is the first visit made to the School to examine progress made under the self-evaluation process.

The Headteacher has confirmed that this final report will be presented to the Governing Body during the Summer Term meeting of 15th May 2019.

SCOPE & OBJECTIVES

The checklist for chequebook primary schools comprises of 155 standards that need to be reviewed. Audit testing was carried out on a sample of standards using transactions processed during the 2018/19 financial year.

The objectives of the review were:

- To review the Governance arrangements in place at the school.
- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2018 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that the School's budget has been approved by the Governing Body and that the budget set by the School complies with the 'Fair Funding : Scheme for Financing Schools', is in line with the funding available, individual budget heads are reasonable and that the budgetary information used for monitoring and reporting is complete, accurate and up-to-date.
- To ensure that the opportunities for unauthorised use of the School's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure

accountability and transparency of the numbers submitted.

Governance

The control environment is respect of Governance is considered to be effective.

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body and its sub committees have the requisite number of members and quorate levels for meetings were achieved. A Register of Business Interests is in place at the School and is complete.

All statutory policies and documents were present at the School. Whilst most have been reviewed and presented to the Governing Body since the School opened in September, there are a few policies that are yet to be formally ratified by the Governing Body (due to take place during Summer 2019).

Safeguarding & Educational Visits

The control environment in relation to Safeguarding and Educational Visits is considered to be effective.

All staff received the appropriate clearances before commencing duties in their posts and have received Safeguarding and Child Protection training. The School have a Safeguarding and Child Protection Policy, which is scheduled to be reviewed annually, and there was documentary evidence at the School to confirm that all members of staff have received a copy of the Policy, and have read and understood it.

The School make use of the EVOLVE system to record details of all off-site visits.

School Private Fund

The control environment in relation to the School Private Fund is considered to be effective with opportunity for improvement.

The Treasurer maintains detailed records, with an adequate audit trail of all income and expenditure transactions. The Ledger was found to be of an appropriate format and was up to date at the time of the review.

Income is banked regularly, however, the majority of bankings have been made in contravention of the banking guidelines contained within the School Private Fund Regulations. Therefore, this report recommends that the School consider using a secure cash collection service to allow the School to make deposits in respect of the School Private Fund (and School Dinner Money) in a safe environment, thus eliminating the risks associated with visits to deposit monies.

For the current academic year all expenditure examined was solely for the benefit of the pupils / School and in accordance with the School Private Fund Regulations. All items of expenditure examined were supported with receipts / invoices.

Audit testing established that when Cwmaman Infants and Glynhafod Junior Schools amalgamated in September 2018, the bank account relating to the Infants School was closed and half the balance was transferred to the School Private Fund account of the new Primary School and half was paid into the School Budget of the new School.

This report recommends that the School Budget reimburses the School Private Fund as soon as possible, as this is not compliant with the School Private Fund Regulations.

Purchase Card

The control environment in relation to the Purchase Card is considered to be effective and there are no findings contained within this report.

There is one purchase card in use at the School. A Transaction Log is maintained to record all expenditure and a card sharing log is in place to document occasions where the card is used by other members of staff. All purchases reviewed were supported with documentation i.e. receipts, invoices, and confirmation for on-line orders, and no delays with cash book journals within FMS were noted.

School Meals

The control environment in relation to the School Meals system is considered to be effective and there are no findings contained within this report.

School meal income was recorded directly onto SIMS, with meal numbers provided to the Catering staff daily. Income was banked regularly and free school meals were only provided to pupils for whom eligibility had been confirmed and retained.

The School regularly send reminders to parents in respect of dinner money arrears and Catering Finance were provided with a ½ Termly report. At the time of the visit, there we were no pupils with arrears in excess of the 2 week limit.

School Budget

The control environment in relation to the School Budget is considered to be effective and there are no findings contained within this report.

SIMS is updated with details of income in a timely manner and a bank reconciliation is undertaken monthly. A regular review of the budget is undertaken by the Headteacher and details of the School's budgetary position is reported to the Governing Body at every meeting.

Data Protection & Security

The control environment in relation to Data Protection & Security is considered to be effective and there are no findings contained within this report.

The School is registered with the Information Commissioner and data is backed up regularly by the ICT provider. The inventory was compiled when the School opened in September and ICT equipment is asset registered. There are comprehensive stock records maintained for all items of uniform which is currently being sold.

Formula Funding

The control environment in relation to Formula Funding is considered to be effective and there are no findings contained within this report.

Pupil numbers were reviewed and no discrepancies were noted.

Implementation of the recommendations contained within this report will enhance the control environment further.

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
SUMMARY OF RECOMMENDATIONS:			
5.1.1 Low	All statutory policies and documents are in place at the School. However, it was not evident within the Governing Body minutes that all policies had been formally endorsed by the Governing Body: • Accessibility Plan; • Assessment Arrangements; • Freedom of Information Publication Scheme; • Governors Allowances; • Target Setting for Schools; and • Transition Plans. NB. It is accepted that it is the intention of the Headteacher to present these policies to the Governing Body during the Summer Term.	The aforementioned policies should be presented to the Governing Body for review and formal ratification (and this should be minuted). Good practice would be to capture the details of review on the document covers i.e. date of review, date to be reviewed, signed and dated etc.	31 May 2019
5.2.1 Low	Although the Child Protection Policy has been signed by the Chair of Governors, the Headteacher and the members of staff with designated Child Protection responsibility, it has not been signed by the Governor with designated Child Protection responsibility.	The Designated Governor with Child Protection responsibility should sign and date the Child Protection Policy as soon as possible.	31 May 2019
5.3.1 Medium	Point 14.1 of the School Private Fund Regulations states that "Where a school is closing / amalgamating, the bank account(s) relating to that fund must be closed and any balance transferred to the account of the newly amalgamated school". Audit testing established that whilst half of the balance of the School	Arrangements should be made to reimburse the School Private Fund of Cwmaman Primary School with the £1,214.91.	31 August 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	Private Fund for Cwmaman Infants was transferred to the Cwmaman Primary School account, the other half (£1,214.91) was transferred into the Cwmaman Primary School Budget account.		
5.3.2 Medium	One of the named auditors for the fund is also a cheque signatory.	The person appointed to the role of Private Fund Auditor cannot also be an authorised cheque signatory. Either a new auditor or new cheque signatory should be appointed.	31 August 2019
5.3.3 Medium	Examination of the income banked for the current academic year identified that whilst banking is undertaken regularly, most bankings have not been in accordance with the School Private Fund Regulations. Of most significance: • 12.09.18 - £655.77; • 17.09.18 - £504.10; • 26.09.18 - £490.45; • 09.10.18 - £415.85; • 23.10.18 - £508.55; • 14.11.18 - £1502.97; • 30.11.18 - £536.21; • 14.12.18 - £435.30; • 11.01.19 - £1,288.73; • 15.01.19 - £3,268.00; • 18.01.19 - £426.85; and • 25.01.19 - £1,019.00.	The School should consider the introduction of a secure cash collection from LOOMIS and contact the Council's Bank Reconciliation Team based at Bronwydd to discuss this option. There may be a charge for this service but this would allow the School to make deposits in respect of the School Private Fund (and School Dinner Money) in a safe environment and eliminate risks associated when travelling to deposit monies.	31 May 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	Furthermore, for the banking made on 15.01.19, this was in contravention of the School Private Fund Regulations which state that deposits in excess of £2,500 should be undertaken by 2 adults.		

AUDIT NAME: PARC PRIMARY SCHOOL
DATE FINAL REPORT WAS ISSUED: 18/03/2019

INTRODUCTION

The self-evaluation process is designed to evaluate the effectiveness of a school's financial and governance arrangements. The process requires primary schools to complete a self-evaluation checklist against expected controls.

Parc Primary School was last subject to an Internal Audit Review in November 2014 and this is the third cyclical visit made to the School to examine progress made under the self-evaluation process.

The Headteacher has confirmed that this final report will be presented to the Governing Body during the Summer Term meeting of 21st May 2019.

SCOPE & OBJECTIVES

The checklist for non-chequebook primary schools comprises of 101 standards that need to be reviewed. Audit testing was carried out on a sample of standards applicable to the School, using transactions processed during financial years 2017/18 and 2018/19.

The objectives of the review were:

- To review the Governance arrangements in place at the School.
- To ensure compliance with Section 175 of the Education Act 2002, this requires Governing Bodies to have arrangements for exercising their functions with a view to Safeguarding.
- To ensure that the School Private Fund is appropriately administered in accordance with the requirements of the 2018 School Private Fund Regulations.
- To ensure that the Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.
- To ensure that all school meal income is identified, received and collected in accordance with Council Policy, arrears regularly reported and followed up and free meals only provided where entitlement has been confirmed by the Council.
- To ensure that all orders raised by the School are appropriate and reflected in the budget, are correctly authorised and comply with Financial Regulations.
- To ensure that all Formula Funding allocations are based on up to date and correct numbers of registered pupils, and an audit trail is maintained to ensure accountability and transparency of the numbers submitted.
- To ensure that the opportunities for unauthorised use of the school's I.T equipment are restricted, that hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.

AUDIT OPINION

Governance

The control environment is respect of Governance is considered to be effective.

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body and its sub committees have the requisite number of members and quorate levels for meetings are achieved. A Register of Business Interests is in place and is updated annually.

Whilst all statutory policies and documents are present at the School, it was not evident within the Governing Body minutes that all had been presented to the Governing Body for ratification within the last 3 years, and there was one policy that had not been subject to an annual review (Assessment Policy).

Safeguarding & Educational Visits

The control environment in relation to Safeguarding and Educational Visits is considered to be effective.

All staff received the appropriate clearances before commencing duties in their posts and have received Safeguarding and Child Protection training.

The School has a Safeguarding and Child Protection Policy which is reviewed annually and there was documentary evidence to confirm that all members of staff have received a copy of the Policy, and have read and understood it.

The School make use of the EVOLVE system to record details of off-site visits, however, care should be taken to ensure that all trips and activities are entered onto EVOLVE and are submitted for approval within the correct timescales as this had not been done for 6 trips examined.

School Private Fund

The control environment in relation to the School Private Fund is considered to be effective with opportunity for improvement.

No central Record of Daily Income is in use at the School. Instead, all income is recorded directly onto individual income sheets which are created for each activity within the fund. The Ledger was found to be of an appropriate format and was up to date at the time of the review. Income is banked regularly and the account reconciled to the bank statements weekly.

There is an adequate audit trail of all expenditure transactions, however, one occasion was noted whereby money was withheld from banking to provide a pupil with a cash refund, which is in contravention of the School Private Fund Regulations. For the current academic year all expenditure examined was solely for the benefit of the pupils / School and in accordance with the School Private Fund Regulations. All items of expenditure examined were supported with receipts / invoices.

Purchase Card

The control environment in relation to the Purchase Card is considered to be effective and there are no findings contained within this report.

There is one Purchase Card in operation at the School. A Transaction Log is maintained to record all expenditure and a card sharing log is in place to document occasions where the card is used by other members of staff. All purchases reviewed were supported with documentation i.e. receipts, invoices and confirmation for on-line orders.

School Meals

The control environment in relation to the School Meals system is considered to be effective and there are no findings contained within this report.

School meal income is recorded directly onto SIMS and meal numbers were provided to the Catering staff daily. Income is banked weekly and free school meals

were only provided to pupils for whom eligibility had been confirmed and retained.

The School regularly send reminders to parents in respect of dinner money arrears and Catering Finance were provided with a ½ termly report. At the time of the visit only one pupil had arrears in excess of the two week limit and appropriate measures put in place to address the case.

Data Protection & Security

The control environment in relation to Data Protection & Security is considered to be effective.

The School is registered with the Information Commissioner and School data is backed up regularly.

Although ICT equipment is asset registered, this Audit review confirmed that the School inventory has not been updated for a number of years.

Formula Funding

The control environment in relation to Formula Funding is considered to be effective and there are no findings contained within this report.

Pupil numbers were reviewed and no discrepancies were noted.

Implementation of the recommendations contained within this report will enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Medium	All statutory policies and documents are in place at the School. However, it was not evident within the Governing Body minutes that all policies had been reviewed by the Governing Body within the last 3 years. • Curriculum Policy; • Data Protection Policy; • Strategic Equality Policy ; • Transition Plans; and • Freedom of Information Policy. It was also noted that the Assessment Policy which should be subject to an annual review had not been reviewed since November 2017.	The aforementioned policies should be reviewed as soon as possible. Following review, the policies should be presented to the Governing Body for review and formal ratification (and this should be minuted). A rolling review programme of all policies could be introduced to ensure that all policies are up to date and reflect the current practices at the School.	31 July 2019
5.2.1 High	The 'Planning and Approval Procedures for Educational Visits' states that residential visits/adventure activities must be 'planned and approved using the EVOLVE system at least 28 days before visit'. From a sample of trips examined, there are 2 residential trips whereby formal authorisation had not been obtained in the correct manner: • Llangrannog - 5.6.17; and • PGL outdoor pursuits - 12.5.17. Furthermore, the School visited Llangrannog during 2018, yet the trip had not been entered onto EVOLVE.	The Headteacher is reminded that under the National Guidance for Educational Visits the local authority requires 28 days' notice to process and approve all trips that involve overnight, overseas or adventurous activities and that no school or other establishment should endorse an activity of one of these categories without overall approval from their Authority. Care should be taken to ensure that all trips /	31 July 2019

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	There are also a number of routine trips that have not been authorised correctly, in so far as the trips remain unauthorised: • Love where you live awards - 10.7.18; • Sports Day - 21.6.17; and • Senydd - 6.4.17. It was established during the Audit Fieldwork that the School EVC Co-ordinator is the only member of staff responsible for updating details of school trips onto EVOLVE.	activities are entered onto EVOLVE and within the correct timescales, and are authorised in the correct manner. Consideration should also be given to providing all staff with access to EVOLVE, in order for each trip organiser to update the system accordingly from the planning stage. The Strategic Lead, Outdoor Learning should be contacted should Management consider this is feasible.	
5.3.2 Medium	Section 4.2 of the School Private Fund Regulations states that: 'All monies collected must be banked intact, in order that income can be traced and reconciled to bankings.' Examination of the Llangrannog trip income identified 1 occasion whereby £30.00 cash was withheld from income collected to provide a pupil with a refund.	All income received should be banked intact to ensure that it can be traced and reconciled to bankings. Alternative arrangements should be made in respect of making refunds in future, i.e. all payments made by cheque or financed from a cash float.	Implemented
5.4.1 Medium	The School's inventory has not been updated for a number of years.	A full inventory review should be undertaken and all new equipment recorded as soon as possible. Thereafter an annual review should	31 July 2019

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		be carried out to ensure that the record is accurate and up-to-date.	

SUMMARY OF RECOMMENDATIONS:

AUDIT NAME: YSGOL GYFUN CWM RHONDDA
DATE FINAL REPORT WAS ISSUED: 03/04/2019

INTRODUCTION

Ysgol Gyfun Cwm Rhondda is a mixed 11 - 18 Comprehensive School serving the Rhondda. There are 706 pupils on roll, of which there are 108 pupils in the sixth form. The proportion of pupils entitled to free school meals currently stands at 11.47%, which is below the national average of 17.4%.

The total budget for the School for 2018/19 is £3.3M. Ysgol Gyfun Cwm Rhondda was last subject to a routine audit visit in June 2016.

The Headteacher has confirmed that this report will be presented to the Full Governing Body at their 8th July 2019 meeting.

SCOPE & OBJECTIVES

All financial systems in operation at the School were considered and an assessment carried out in consultation with the Headteacher and Chair of Governors to identify those areas representing the highest risk to the school, and therefore necessitating review.

On the basis of this assessment, audit testing was carried out on the following areas of administration:-

- Governance;
- Safeguarding;
- Purchasing;
- School Private Fund;
- Purchase Card;
- Petty Cash; and
- Assets.

AUDIT OPINION

Safeguarding & Educational Visits

The control environment in relation to Safeguarding and Educational Visits is considered to be effective with opportunity for improvement.

Testing identified that all staff received the appropriate clearances before commencing duties in their posts.

The School has a Safeguarding and Child Protection Policy in place. Whilst this was reviewed and presented to the Governing Body in March 2018, this was found to be an older version from 2016 and not the most recent available at that time (June 2017). Consequently, there was no documentary evidence at the School to

confirm that all members of staff have received a copy of the Policy and have read and understood it.

The School's Safeguarding Officer confirmed Level 1 Safeguarding training has been provided to school staff in various 'refresher' sessions throughout the year. However, no signed registers of attendance have been completed at these sessions as evidence of those staff that were in attendance.

The School make use of the EVOLVE system to record details of all off-site visits and staff are suitably qualified to make use of the system in accordance with the document 'Planning and Approval Procedures for Educational Visits'. All trips examined had been entered onto EVOLVE and authorised in accordance with the designated timescales.

<u>Governance</u>

The control environment is respect of Governance is considered to be effective with opportunity for improvement.

With the exception of the Data Protection & Sex Education Policies, all statutory policies are in place at the School. The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. Despite the Governing Body having two vacancies, all sub committees have the requisite number of members.

A Register of Business Interests is in place at the school, but has not been updated for 15 of the current 18 Governors.

Whilst attendance registers for full Governing Body meetings are maintained, this is not being done for Sub-Committee meetings.

<u>Purchasing</u>

The control environment is respect of Purchasing is considered to be effective with opportunity for improvement.

The School has a Financial Procedures document and this is up to date. The School currently raise orders either over the telephone or online. These orders are not however raised on SIMS until after receipt of the goods/invoice. Additionally, the subsequent copy orders are not always signed by an authorised member of staff and delivery notes are not always signed as confirmation of who checked the deliveries.

Consideration also needs to be given to reviewing the current practices in place and utilising the Purchase Cards more to pay for goods/services required. This would reduce the amount of administration required in making purchases and operating a petty cash account, allowing more opportunity for staff to undertake other administrative duties.

<u>School Private Fund</u>

The control environment in relation to the School Private Fund is considered to be effective with opportunity for improvement.

The Treasurer maintains detailed records with an adequate audit trail of income and expenditure transactions. A Management Committee has been appointed and positions held relate to duties undertaken.

However, it was found that the current Fund Ledger does not have an adequate format and does not have a running balance. The Fund has also been used to subsidise pupil memberships to the URDD for a number of pupils (the income has not been collected from these pupils). The Fund is being used to administer the sales of school ties and polo shirts; by administering these through the Fund, the School is not able to reclaim the VAT on the purchases of such items and therefore the School should consider this type of expenditure being processed via the School Budget.

This review has also identified a need to promote consistency between the teaching staff in respect of the administration of School Trips. For example, staff should be reminded to maintain and retain their own records that detail the amounts and dates income was received as this was not being done for the Skiing 2018 trip

examined. Also it should be ensured that appropriate receipts/invoices are obtained on trips, and if not possible, the appropriate Expenditure Without Receipt form completed and signed.

Purchase Card

The control environment is respect of Purchase Card is considered to be effective with opportunity for improvement.

There are two Purchase Cards in operation at the school. A Transaction Log is maintained to record all expenditure, however, it was found that only the gross amounts spent are recorded. With no breakdown of the VAT, it is not possible to determine if VAT has been accounted for appropriately on purchases made.

All purchases reviewed were supported by appropriate receipts/invoices during the sample period examined and whilst a reconciliation is undertaken, this is done by the Finance Officer who is responsible for day-to-day purchasing, hence that there is no independent check of the purchases made.

Petty Cash

The control environment is respect of Petty Cash is considered to be effective with opportunity for improvement.

A formal Petty Cash limit for items of expenditure has been set and is being adhered to. At the time of the audit visit, testing identified that the petty cash account is not being reconciled prior to reimbursement. This report recommends that the Petty Cash account be subject to a regular and independent reconciliation.

Assets

The control environment is respect of Assets is considered to be effective with opportunity for improvement.

The school has an electronic inventory system in place that includes all the electronic equipment at the school. However it does not include items such as tables, chairs, cupboards etc., and is therefore not a complete record.

Implementing the recommendations contained in the report will enhance the current levels of control at the School.

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	SUMMARY OF RECOMMENDATIONS:		
5.1.1 High	The School's Child Safeguarding Policy was last reviewed by the Governing Body in March 2018. The policy version that was reviewed is dated June 2016. Discussions with the school's Safeguarding Officer established that they were not aware of the latest Cwm Taf Safeguarding Children Board (CTSCB) Model Safeguarding Policy issued in June 2017 to all schools. As a result, requirements in regard to designated safeguarding staff and all other staff having to sign to confirm that they have received, read and understood the Child Safeguarding Policy have not been put in place.	The School should adopt the Cwm Taf Safeguarding Children Board (CTSCB) Safeguarding Policy. Once the revised Safeguarding Policy has been formally adopted and agreed by the Governing Body, it should be ensured that the relevant staff and Governors endorse the policy as indicated on the cover of the policy. Each member of staff should sign to demonstrate that they have received, read and understood the Safeguarding Policy. This Policy should also be updated to the School's website once adopted.	Implemented
5.1.2 High	Section 2.21 of Keeping Learners Safe: The role of local authorities, governing bodies and proprietors of independent schools under the Education Act 2002 (WAG circular 158/2015) states that: 'Governing Bodies should ensure that all staff and volunteers who work with children undertake appropriate training to equip them with the knowledge and skills that are necessary to carry out their responsibilities for child protection effectively, which is kept up to date by refresher training'.	The school should develop a central training record, with a formal record made each time any member of staff at the school undertakes any safeguarding training. This should detail the date and level of safeguarding training alongside individual staff names.	Implemented

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
SUMMARY OF RECOMMENDATIONS:			
	It was established that Level 1 training was provided to the whole school on 2nd September 2016. The School's Safeguarding Officer confirmed refresher training has also been provided to staff since then, however, the school were unable to demonstrate that all staff had attended these as no attendance registers are maintained at the school for the refresher training.	This could be incorporated into the Child Protection Policy to allow the assessment of training requirements to coincide with the Policy's annual review.	
5.2.1 Medium	All statutory polices and documents were in place at the School with the exception of the following:- • Data Protection Policy; and • Sex Education Policy.	Statutory policies and documents should be reviewed in line with the Governors Wales requirements. When policies and documents are reviewed and ratified by the Governing Body, it should be ensured that they are clearly detailed in the minutes for transparency. For those policies that do not require annual review, it is good practice to review them on a rolling programme (e.g. every 3 years to ensure that they are still relevant).	Implemented
5.2.2 Medium	Section 43(d) of The Government of Maintained Schools (Wales) Regulations 2005 states: 'The Clerk to the Governing Body must maintain a register of governors'	The Clerk to the Governing Body should retain registers of Governor attendance for all Governing Body meetings (including Sub-Committees).	Implemented

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	attendance at meetings'. Discussions at the school established that whilst attendance registers are maintained for Full Governing Body meetings, they are not maintained for any Sub-Committee meetings.	All Governing Body members should ensure that they sign to confirm their attendance.	
5.2.3 Medium	Section 2.9 of the Scheme for Financing Schools states that: 'Governing bodies are required to establish a register of business interests...which lists for each member of the governing body and the Head Teacher any business interests they or any member of their immediate family have. The register must be kept up-to-date by notification of changes from governors and the Head Teacher, and through an annual review process'. Although a register has been established, no declarations were present for 15 of the 18 current Governors.	A declaration of business interests register should be completed on an annual basis, which details the business interests of all Governors, the Headteacher and any other staff who may influence financial decisions at the School. Declarations for the 15 Governors identified should be completed immediately.	Implemented
5.2.4 Low	The membership of Governing Bodies is set out in chapter 3 of The Government of Maintained Schools (Wales) Regulations 2005, which specifies that the composition of the Governing Body should consist of 20 Governors. Examination of the Governing Body structure revealed that there are currently 2 vacancies (1 parent and 1 non-teaching).	The School should endeavour to fill the 2 Governor vacancies.	Implemented

SUMMARY OF RECOMMENDATIONS:

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.3.1 High	The following issues were noted in respect of the School's purchasing arrangements: - • Orders are not always raised on SIMS prior to receipt of the subsequent goods/invoices even though a prior request would have been made and are therefore treated as non-order invoices. • Whilst requisitions for orders are completed by staff requesting an order prior to being raised on SIMS, the subsequent SIMS official orders are not signed by an appropriate budget holder i.e. Headteacher. • Occasions were identified where Delivery Notes had not been signed and dated to confirm who had checked the delivery to the order placed.	Where a prior request is known for goods/services, an order (appropriately authorised) should be raised in the first instance. If an order was placed by telephone, an order should be raised as soon as possible thereafter and signed by an authorised member of staff. Once the goods / services are received, the delivery note should be checked against the original order to ensure that the goods received agree to what was originally ordered. The order and delivery note should demonstrate evidence of this check (e.g. items ticked) and the delivery note should be signed and dated by the person undertaking this check. To avoid additional work, the School should consider utilising the Purchase Card for all relevant purchases.	Implemented
5.4.1 Medium	Appendix 2, Section 2.1 of the School Private Fund Regulations states: 'At the end of the year, you must prepare a Summary of Accounts, which you and the auditors must sign. This, along with any supporting documentation requested, must be returned by 31st December to the Education Finance Team. A copy should also be presented to the full	A fully completed Annual Summary of Accounts Certificate should be presented to the School's Full Governing Body prior to submission to Education Finance by the required deadline.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	**FINDING**	**RECOMMENDATION**	**IMPLEMENTATION DATE**
	Governing Body.' Whilst it is accepted that the Summary of Accounts Certificate had been submitted to Education Finance and presented to the School Finance Committee prior to the 31st December deadline, it has not been presented to the Full Governing Body as required.		
5.4.2 Medium	The entries in respect of School Private Fund income / expenditure should allow for prompt reconciliation within each financial period. Whilst a Ledger in the form of an Excel spreadsheet has been introduced at the School, it does not follow the expected format: • Income and Expenditure transactions are recorded on separate sheets. • There is no running balance recorded. • Expenditure transactions do not contain details of where the purchases were made or what was purchased. Additionally, whilst the ledger is printed off each month when reconciled to the bank statements, the ledger is not signed and dated as confirmation of this, although the bank statements are.	The School Private Fund ledger should contain details of all income and expenditure transactions on the same page to provide a meaningful analysis of accounts, and a running balance for reconciliation to the bank statements. Appendix 2 of the School Private Fund Regulations provides notes of guidance for the completion of ledgers and a suggested format is included at Appendix 4 of these Regulations. Additionally, when the ledger is printed off each month to reconcile to the bank statements, the ledger should also be signed and dated as confirmation of this.	Implemented
5.4.3 Medium	Examination of the Fund expenditure from September 2017 to the time of review identified the following item of expenditure that would have been more appropriately processed through the budget account:	The School should collect the outstanding monies owed to the Private Fund in respect of URDD membership immediately.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	**FINDING**	**RECOMMENDATION**	**IMPLEMENTATION DATE**
	• Payments to URDD for pupil memberships - £170.50 NOTE - Only £59.50 has been collected from the pupils, a shortfall of £111 owing to the Fund.	Going forward, the Private Fund should not be used to administer these payments, with the school budget a more appropriate account to be used.	
5.4.4 Medium	The School operate a shop for the sale of school ties and polo shirts (summer term only) and all income/expenditure transactions are processed via the School Private Fund account. No other uniform is sold by the School. The School are correctly accounting for VAT on the adult sized clothing sales (which is VATable) and the subsequent income that is banked. However, as the purchases are being made via the Private Fund, the School are not able to benefit from reclaiming the VAT on the purchasing of the ties and polo shirts or identify VAT on the subsequent income received. (It was established that any profits made on the sales of ties and polo shirts are currently held within the fund account and this money is used to subsidise pupils who may not be able to afford trips / uniform).	The school should consider ceasing the sale of ties and polo shirts, and directing pupils to the suppliers of all other elements of their school uniform. This would save on time administering the purchasing/stock control and income collection/bankings made, allowing staff to undertake other additional administrative tasks. Should the school consider the sale of these items is to continue, the administration of this should be via the school budget account. This would allow the school to save on VAT and ensuring any profits made from sales can be used appropriately. The School Private Fund should not be used to subsidise individual pupils on school trips.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	**FINDING**	**RECOMMENDATION**	**IMPLEMENTATION DATE**
5.4.5 Low	A central record of daily income is maintained which can be reconciled to the income recorded on the Fund Ledger. The trip records relating to the Bath 2018 and Skiing 2018 were examined. It was noted that while the trip records show the pupil's name, amounts paid, date paid and total balance paid on the Bath trip, the dates of payments were not recorded for the Skiing trip. NOTE - It is accepted that the total amount collected for this trip reconciled to the amount banked.	It should be ensured that records are consistent for every trip i.e. the date income is collected by staff in addition to the amount collected is clearly recorded on the trip records.	Implemented
5.4.6 High	Cash floats are taken on all trips, whether using a pre-paid credit card or a cash float, with a detailed breakdown of transactions and receipts to verify the amount spent provided to the Treasurer at the end of each trip. It was however established that for Skiing 2018, tips were provided to instructors, drivers etc., on the trip. However, no actual receipts were obtained, with only a slip of paper detailing the breakdown of tips, which totalled $840. No Record of Expenditure Without Receipt Form had been completed or signed.	All items of expenditure should be supported by a receipt or invoice. In the event that a receipt cannot be obtained, a Record of Expenditure Without Receipt form should be used and a recommended format for this record is included at Appendix 8 in the School Private Fund Regulations. This should be signed by two members of staff as evidence of the amounts involved.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	**FINDING**	**RECOMMENDATION**	**IMPLEMENTATION DATE**
5.5.1 Medium	Section 6 of the Cardholder Manual for School document issued by Procurement Services states that: 'Each Purchasing Card transaction should be recorded on the transaction log as soon as the transaction is complete to ensure that no information is omitted'. Examination of the Transaction Logs for the two Purchase Cards held at the School established that whilst the log is updated as and when purchases are made, only the gross amount is recorded. Additionally, where purchases are made in a foreign currency e.g. US Dollars, the amount spent in the foreign currency is recorded on the log and not the British Pound value.	It is imperative that full details of all Purchase Card transactions be promptly updated onto the Transaction Logs immediately when a purchase has been made. This should include the net, gross and VAT amounts for each transaction. Additionally, it should be ensured only values of British Pounds are recorded for reference/reconciliation.	Implemented
5.5.2 High	Discussions with the Finance Officer established that bank statements are received on a monthly basis and a reconciliation of both Purchase Card accounts is undertaken. Whilst each statement shows evidence of checks (ticks) they are not always signed and dated by the Finance Officer to confirm by whom and when the reconciliation took place. This is also the same on the transaction log. Additionally, the Finance Officer is currently reconciling the Purchase Card under this Officer's responsibility and hence there is no independent review.	The school should ensure that an independent person reconciles the Purchase Card maintained by the Finance Officer. All bank statements should show evidence of reconciliation i.e. ticks and signed and dated to confirm who and when this was undertaken.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.6.1 Medium	Discussions with the School Business Manager and examination of the records confirmed that there is no formal reconciliation of the Petty Cash account in place.	The Petty Cash account should be reconciled by an independent person (i.e. the School Business Manager) and cash in hand and receipts supporting expenditure should be examined prior to a reimbursement cheque being authorised.	Implemented
5.6.2 Low	From examination of purchases made from April 2018 to June 2018, the following purchase was made via petty cash from the School's delegated budget: 7/6/2018 - Flowers - £8.00.	Purchases such as flowers, gifts etc., should in future be avoided. All such future expenditure should be funded via a private collection rather than the School's delegated budget.	Implemented
5.7.1 Medium	Discussions with the School Business Manager established that the School have bought into an online based electronic inventory system called School Asset Manager. This has been in place since 2015. Further discussions established that only electronic items of equipment have been updated to the system to date, hence items such as desks, cupboards, chairs etc., have not been recorded on an inventory. Two rooms were sampled:	A full inventory should be compiled as soon as possible on SIMS. Thereafter, an annual review should be carried out to ensure that the record is accurate and up-to-date.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	**FINDING**	**RECOMMENDATION**	**IMPLEMENTATION DATE**
	• It was found that there was a printer in the School Business Manager's office that was not on the inventory and a floor fan in the Headteacher's office that was not on the inventory.		
5.7.2 Medium	Discussions with the Finance Officer established the School sell Polo Shirts and Ties and stock records are maintained. Examination of the stock records to actual stock held found the following: <table><tr><td>**STOCK ITEM**</td><td>**Stock Record**</td><td>**Actual Stock**</td><td>**Variance**</td></tr><tr><td>**Ties**</td><td>50</td><td>48</td><td>-2</td></tr><tr><td>**6th Form Tie**</td><td>149</td><td>146</td><td>-3</td></tr><tr><td>**Polo 11-12**</td><td>3</td><td>3</td><td>0</td></tr><tr><td>**Polo large**</td><td>8</td><td>8</td><td>0</td></tr><tr><td>**Polo small**</td><td>1</td><td>0</td><td>-1</td></tr><tr><td>**Polo xl**</td><td>1</td><td>4</td><td>+3</td></tr></table>	It should be ensured that stock records accurately reflect the stock held at the school. Management should also consider if the selling of polo shirts should continue, as per recommendation 5.4.4.	Implemented

AUDIT NAME: MOUNTAIN ASH COMPREHENSIVE – PURCHASE CARD FOLLOW UP

DATE FINAL REPORT WAS ISSUED: 29/03/2019

INTRODUCTION

Mountain Ash Comprehensive School was subject to a routine Internal Audit in July 2018. At this time, the overall control environment in respect of the School's financial and governance arrangements was considered to be 'effective, with opportunity for improvement'. However, the School's Purchase Card processes were determined as insufficient and required improvement.

Following the presentation of the final report to Audit Committee, a follow-up review of the School's Purchase Cards was requested, to ascertain whether recommendations made at the time have been successfully implemented.

This audit report provides the outcome of the follow up review that has now been completed.

SCOPE & OBJECTIVES

Having given sufficient time for Management to implement the previous recommendations in relation to the School's Purchase Cards, the objective of this review was to:

- Establish the status of the recommendations raised within the previous report for the School's Purchase Cards.

AUDIT OPINION

This follow up review concludes that the control environment in relation to School's Purchase Cards is considered to be effective with opportunity for improvement.

The previous audit report contained 7 recommendations in relation to the School's Purchase Cards. This follow-up review has established that 1 recommendation had still not been implemented, with 2 partially implemented and 4 implemented. Of the 3 recommendations that remain partially/not implemented, 1 is of High Priority.

Following a detailed follow-up audit review of the previous recommendations, the status of reach recommendation is shown below:

	Implemented	Not Implemented	Partially Implemented
PURCHASE CARD			
HIGH		1	
MEDIUM	2		1
LOW	2		1

	TOTALS	4	1	2

There are 3 Purchase Cards at the School. The Transaction Logs maintained by the School Manager are appropriate, although it was again identified that the School Business Manager continues to update the Transaction Logs for the two Purchase Cards for which the officer is not responsible. A review of the Transaction Logs revealed that eradicating fluid has not been used since the previous audit review.

It was again established that a member of staff has details of the School Purchase Card saved to their device, allowing purchases to be made without physically obtaining the card. It is acknowledged that the School Manager has made repeated requests to delete the card details, and while the expenditure was accounted for, this practice contravenes protocol and should be discontinued.

Receipts were present to support all items of Purchase Card expenditure since the previous audit review, with VAT reclaimed appropriately.

All Purchase Cards are now securely locked away with access restricted to the Cardholders. Although an appropriate Purchase Card Sharing Log is in place for the School Business Managers Card, there were not ones in place for the other two Cards.

Purchase Card transactions are now more easily identifiable within SIMS as references to the Purchase Card is made when undertaking Cash Book Journals.

The implementation of the recommendations made within this report will enable the Headteacher to further enhance the standard of purchase card administration at the School.

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
5.1.1 Medium	There are 3 Purchase Cards at the School. One of the Card Holders does not update the Transaction Log, this being updated retrospectively by the School Manager. Occasions were also identified whereby the School Manager had also updated the Transaction Log in respect of the other card. The third Transaction Log maintained by the School Manager was found to be correctly completed. A review of the Transaction Logs also revealed that eradicating fluid has been used.	Details of all Purchase Card transactions should be promptly updated onto each Transaction Log by the individual Card Holders. No eradicating fluid should be used on prime financial documents. If a mistake needs to be amended it should be crossed through and a new entry made.	Eradicating fluid is no longer used. The individual cardholders have been advised that they must maintain their own records.	Confirmed to have been partially implemented. The Headteacher indicated this recommendation had been implemented in the initial audit report but audit testing has confirmed that the recommendation has been partially implemented. It was established that the School Business Manager continues to update all Transaction Logs. The School Business Manager indicated that she does this to ensure they are completed appropriately and in a timely manner.	The school now only has 2 purchasing cards (CJ & JG). Receipts for spend on JG's card are brought to CJ immediately and are logged into a separate file. This works best for the school.
		ORIGINAL RESPONSIBILITY & TARGET DATE		**UPDATED RECOMMENDATION**	**UPDATED RESPONSIBILITY & TARGET DATE**
		Implemented		Details of all Purchase Card transactions should be promptly updated onto each Transaction Log by the individual Card Holders, who would be making the purchases and therefore should update their Transaction Log when these purchases are made.	School Business Manager Implemented

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
5.1.2 High	Examination of the Purchase Card expenditure identified 2 occasions whereby books had been delivered to a Teacher's (LH) home address. It was also identified that the card details had been stored to the teacher's personal account allowing further orders to be placed without the need to access the Purchase Card. It is acknowledged that the School Manager made repeated requests for the card details to be removed. Internal Audit can also confirm that no inappropriate transactions have taken place.	All Purchase Card purchases should be made using the School name and delivery made to the School address. Under no circumstances should the School's Purchase Card details be recorded on the personal accounts for any member of staff and this should be communicated clearly by the Headteacher to all members of staff.	The member of staff in question has now left the school and has deleted the School's Purchase Card details from their account. An email to confirm this has been obtained to confirm. All online orders are now placed by the Business Manager.	Confirmed to have not been implemented. The Headteacher indicated this recommendation had been implemented in the initial audit report but audit testing has confirmed that the recommendation has not been implemented. It was established that staff at the School continue to make purchases using the Purchase Card details without physically obtaining the card to make the purchase.	Staff have been advised on a number of occasions not to use the school purchasing card on their own accounts. Staff complete a purchasing card form so that the Business Manager can place the order on their behalf.
		ORIGINAL RESPONSIBILITY & TARGET DATE		**UPDATED RECOMMENDATION**	**UPDATED RESPONSIBILITY & TARGET DATE**
		Implemented		Staff should be reminded that under no circumstances should the School's Purchase Card details be recorded on the personal accounts for any member of staff and this should be communicated clearly by the Headteacher to all members of staff.	School Business Manager Implemented

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
5.1.3 **Medium**	Although receipts were present to support all items of purchase card expenditure, for the sample period tested (May and June 2018) 12 occasions were noted whereby no appropriate VAT receipt had been obtained, although VAT had been reclaimed.	Every effort should be made to obtain appropriate VAT receipts where VAT is to be reclaimed. An appropriate VAT receipt should include: •details of the sale including the tax date; •the suppliers VAT registration number; •the amount paid for the goods or services; •the amount of VAT that the supplier has charged to you. If a VAT receipt cannot be obtained and it is unknown as to whether the individual / company is VAT registered, it should be assumed that they are not, and therefore the gross amount should be treated as outside the scope.	The Business Manager sought advice from the RCT Audit Section regarding Amazon orders and VAT. Audit advised that if the seller was VAT registered, to print off those details to attach as evidence. The Business Manager will ensure that VAT is only claimed where there are valid VAT receipts.	Confirmed to have been implemented. The Headteacher indicated this recommendation had been implemented in the initial audit report, with audit testing confirming that the recommendation has been implemented.	Not required as original recommendation implemented.
		ORIGINAL RESPONSIBILITY & TARGET DATE		**UPDATED RECOMMENDATION**	**UPDATED RESPONSIBILITY & TARGET DATE**
		Implemented		Not Applicable.	Not Applicable

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
5.1.4 **Medium**	Discussions at the School established that 2 of the 3 Purchase Cards are held with the Cardholders at all times, including evenings, weekends and School holidays.	When not in use, the School Purchase Cards should be held securely at the School.	The main Purchasing Card is kept in a lockable cupboard in a lockable room and is secure at all times. The Business Manager will ensure that the other 2 cards are secured in the same way.	Confirmed to have been implemented. The Headteacher indicated this recommendation had been implemented in the initial audit report, with audit testing confirming that the recommendation has been implemented.	Not required as original recommendation implemented.
		ORIGINAL RESPONSIBILITY & TARGET DATE		**UPDATED RECOMMENDATION**	**UPDATED RESPONSIBILITY & TARGET DATE**
		Implemented		Not Applicable.	Not Applicable

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
5.1.5 **Low**	Although a Purchase Card sharing Log is in place at the School, the date / times the card is taken returned is not always recorded.	A card sharing log should be maintained for each Purchase Card held at the School, and care taken to ensure that the card sharing log is fully completed; including the times the card is taken and returned together with the signature of the member of staff is recorded.	Accepted. The Business Manager will ensure that the Purchase Card sharing Log is completed as required at all times.	Confirmed to have been partially implemented. The Headteacher indicated this recommendation had been implemented in the initial audit report but audit testing has confirmed that the recommendation has been partially implemented. It was established that whilst the School Business Manager has updated the card sharing log to include times the card is taken/returned and a signature, the Log has not been provided to staff that are responsible for the other 2 Purchase Cards at the School.	The Business Manager now ensures that the card is signed in and out at all times. The other card holder (JG) also now ensures that her card is signed in and out.
		ORIGINAL RESPONSIBILITY & TARGET DATE		**UPDATED RECOMMENDATION**	**UPDATED RESPONSIBILITY & TARGET DATE**
		Implemented		The updated card sharing log should be provided to all staff that are responsible for the other 2 Purchase Cards at the School.	School Business Manager Implemented

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
5.1.6 **Low**	Whilst the Purchase Card Bank Statements show clear evidence of a reconciliation process being undertaken, the statements are not signed and dated by the person undertaking the exercise.	On completion of the Bank Reconciliation process, the Purchase Card bank statements should be signed and dated by the person carrying out the reconciliation as evidence of when and by whom this was carried out followed by the Cash Book journal on SIMS.	The Exams and Data Manager will ensure that all Purchase Card Bank Statements are signed and dated following each reconciliation exercise.	Confirmed to have been implemented. The Headteacher indicated this recommendation had been implemented in the initial audit report, with audit testing confirming that the recommendation has been implemented.	Not required as original recommendation implemented.
		ORIGINAL RESPONSIBILITY & TARGET DATE		**UPDATED RECOMMENDATION**	**UPDATED RESPONSIBILITY & TARGET DATE**
		Implemented		Not Applicable.	Not Applicable

REF & PRIORITY	ORIGINAL FINDING	ORIGINAL RECOMMENDATION	ORIGINAL MANAGEMENT RESPONSE	OUTCOME OF THE FOLLOW-UP AUDIT	NEW MANAGEMENT RESPONSE
5.1.7 **Low**	Discussion at the School revealed that a cash book journal is undertaken immediately following a Purchase Card purchase being made. For the sample period tested (May and June 2018) whilst cash book journals had been undertaken as per the system intended by the School, it was noted that no reference to the Purchase Card is being made, instead, reference is made to the items purchased. It was also noted that 2 cash book journals had not been undertaken for 2 purchases (Amazon and Mosaic events).	SIMS should provide a meaningful analysis of all income and expenditure, with clear details of the classification and type of activity recorded. All Purchase Card payments should be clearly identified on SIMS with the Purchase Card reference number.	Following Audit advice, the initials of the cardholder is now used in the 'Reference' box of a cashbook journal and a full narrative provided of expenditure.	Confirmed to have been implemented. The Headteacher indicated this recommendation had been implemented in the initial audit report, with audit testing confirming that the recommendation has been implemented.	Not required as original recommendation implemented.
		ORIGINAL RESPONSIBILITY & TARGET DATE		**UPDATED RECOMMENDATION**	**UPDATED RESPONSIBILITY & TARGET DATE**
		Implemented		Not Applicable.	Not Applicable