



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018/19

AUDIT COMMITTEE 12th JULY 2018	AGENDA ITEM NO. 8
REPORT OF THE GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES	FINALISED AUDIT ASSIGNMENTS

Author: Marc Crumbie (Head of Internal Audit & Procurement Development Programmes)

1. PURPOSE OF THE REPORT

- 1.1 This report provides Members with a summary of audit assignments completed between 18th April 2018 and 30th June 2018.

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. REASONS FOR RECOMMENDATIONS

- 3.1 To help ensure that Audit Committee discharges its responsibilities in respect of reviewing and forming an opinion on 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 18th April 2018 and 30th June 2018. Members will note that the summary provides for each assignment: the Introduction, Scope & Objectives, Auditor’s stated opinion along with 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:
- Is the overall conclusion made by Internal Audit for each audit assignment 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 13 audit assignments have been finalised in the period and are set out in Table 1 below. Members will also note that the update incorporates finalised assignments from the 2017/18 audit plan

Table 1 – finalised audit assignments

	<u>Overall Conclusion</u>
EDUCATION & LIFELONG LEARNING	
TY GWYN (FOLLOW UP)	Effective, with opportunity for improvement
GWAUNCELYN PRIMARY SCHOOL	Effective, with opportunity for improvement
PENPYCH COMMUNITY PRIMARY (FOLLOW UP)	Effective, with opportunity for improvement
PONTYPRIDD HIGH SCHOOL (FOLLOW-UP)	Effective, with opportunity for improvement
PORTH COMMUNITY SCHOOL (FOLLOW-UP)	Effective, with opportunity for improvement
TYLORSTOWN PRIMARY SCHOOL	Effective, with opportunity for improvement
YG RHYDYWAUN	Effective, with opportunity for improvement
YSGOL GYFUN GARTH OLWG (FOLLOW UP)	Effective, with opportunity for improvement
CHIEF EXECUTIVE	
WELSH CHURCH ACT FUND	Effective, with opportunity for improvement
COMMUNITY & CHILDREN'S SERVICES	
SINGLE POINT OF ACCESS	Effective, with opportunity for improvement
CORPORATE & FRONTLINE SERVICES	

TAXATION	Effective, with opportunity for improvement
CREDITORS IR35	Effective, with opportunity for improvement
WHOLE AUTHORITY ARRANGEMENTS	
PERFORMANCE INDICATORS	Effective, with opportunity for improvement

5. EQUALITY AND DIVERSITY IMPLICATIONS

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

6. CONSULTATION

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

7. FINANCIAL IMPLICATION(S)

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 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 – Marc Crumbie



LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

12th July 2018

FINALISED AUDIT ASSIGNMENTS

REPORT OF THE GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

Author: Marc Crumbie (Head of Internal Audit & Procurement Development Programmes)

Item: 8

Background Papers

None.

Officer to contact: Marc Crumbie

EDUCATION & LIFELONG LEARNING

AUDIT NAME: TY GWYN FOLLOW UP

DATE FINAL REPORT WAS ISSUED: 14/05/2018

INTRODUCTION

Ty Gwyn Education Centre was last subject to a routine Internal Audit in January 2017. The overall control environment at this time was considered to be 'insufficient and requires improvement'.

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

- This follow-up audit provides the outcome of the review requested by Audit Committee.
- The Executive Headteacher has confirmed that this report will be presented to the Management Committee by 20th July 2018.

SCOPE & OBJECTIVES

Having given sufficient time for Management to implement the previous recommendations, the objective of this review was to:

- Establish the status of all recommendations raised within the previous report.

AUDIT OPINION

This follow up review now concludes that the overall control environment in relation to the centre's financial and governance arrangements is considered to be effective with opportunity for improvement.

Safeguarding

The Child Protection and Staff Disciplinary Policies held by the Centre have now been reviewed and presented to the Management Committee in July 2017. Restrictive Physical Interventions are used at the Centre and the use of reasonable force to control or restrain pupils must be recorded on the incident record sheet, with a copy of the sheet sent to the Behaviour Support Service within one week. It was found during this review that while a record is maintained at the Centre, 2 of the 7 incident form returns had not being submitted to the Behaviour Support Service within agreed timescales, with a further 3 being submitted on the day of the deadline.

The Centre uses the Evolve system to record details of residential / adventurous trips. 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'. Staff should be reminded of the need to ensure that all trips/activities are entered within the correct timescales as this had not been done for any of the 5 trips examined during the review in respect of adventurous activities.

Purchasing

The Centre now has a Financial Procedures document in place. A review of the Order Book identified that orders are still only raised in the manual order book on an ad-hoc basis, with varying levels of detail completed on the orders.

Purchase Cards

There is one purchase card in use at the School. The card is used frequently and receipts/invoices were present for each transaction examined during the sample period. Whilst the transaction log is now completed as and when purchases are made, there is still no evidence of an independent review of purchases made.

A card sharing log is now in place to record details of when the card is used by other members of staff.

All recommendations raised within the previous audit report relating to School Meals, Collections & Deposits and Data Security & Inventory have been confirmed as implemented.

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

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Medium	<p>Section 5.1 of the Restrictive Physical Intervention Policy (dated June 2012) states: - <i>'The use of reasonable force to control or restrain pupils must be recorded in writing using the record sheet (Appendix 3) within 24 hours. The number of the incident in the bound book should be recorded on the incident record sheet and a copy of the sheet should be sent to the Behaviour Support Service within one week'.</i></p> <p>Discussions with the Executive Headteacher identified that this was now in place.</p> <p>There have been 7 physical interventions since September 2017. However, Behaviour Support staff confirmed that whilst they had received notifications of the 7 incidents, 2 of these had been reported late, with 3 received the day of the deadline. For the remaining 2, the correct procedure was followed.</p>	<p>Management at Ty Gwyn should ensure that where restrictive physical interventions occur, the incident records are forwarded to the Behaviour Support Service in accordance with the Policy.</p>	Implemented
5.1.2	<p>The 'Planning and Approval Procedures for Educational Visits' states that residential visits / adventure activities must be 'planned and</p>	<p>Management should ensure that all trips / activities are entered onto EVOLVE within</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
Medium	<p>approved using the Evolve system at least 28 days before visit'.</p> <p>A large number of adventurous / residential trips are run each year by the Centre. The following issues were found for a sample of 5 trips examined: -</p> <ul style="list-style-type: none"> • South Wales Karting Centre <ul style="list-style-type: none"> ○ Date of Trip - 27/10/2017 ○ Date EVC Authorised - 27/10/17 • Energi Trampoline Park <ul style="list-style-type: none"> ○ Date of Trip - 19/1/2018 ○ Date EVC Authorised - 18/1/2018 • Merthyr Fire Station <ul style="list-style-type: none"> ○ Date of Trip - 28/6/2017 ○ Date EVC Authorised - 3/7/2017 • Jump Jam Trampoline Park <ul style="list-style-type: none"> ○ Date of Trip - 19/5/2017 ○ Date EVC Authorised - 19/5/2017 • Task Force Paintballing <ul style="list-style-type: none"> ○ Date of Trip - 9/2/2018 ○ Date EVC Authorised - 9/2/2018 <p>None of these trips had been authorised in the correct manner.</p>	<p>the correct timescales and are correctly classified in order for the Outdoor Education Advisor to give the necessary assurance that the provider and trip arrangements are appropriate.</p> <p>All other trips on the system (i.e. not adventurous or residential etc) should be evidently authorised by the EVC in advance of the trip taking place.</p>	
5.2.1 Medium	<p>Examination of the official order book established that it is not completed for all purchase orders made, and when it is completed, details of what was ordered, the date ordered etc., are not always completed.</p>	<p>Where possible the School should use the Purchase Card for the purchase of goods and payment of services.</p> <p>On the occasions that it is not possible to use the Purchase Card, and where a prior request is made for goods / services is made,</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		<p>an official order should be raised in the first instance. If an order was placed via telephone, an order should be raised as soon as possible thereafter. Full details of the order should be recorded in the order book.</p> <p>Once the goods / services are received, the delivery note should be checked against the original to 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.</p>	
5.3.1 Medium	Examination of the Purchase Card Transaction Logs established that there was no evidence available to suggest an independent check of purchase card transactions is undertaken.	A senior member of staff should regularly review and authorise all purchase card transactions to ensure they are appropriate to the school.	Implemented

AUDIT NAME: GWAUNCELYN PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 02/05/2018

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.

Gwauncelyn Primary School was last subject to an Internal Audit Review in April 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 report was presented to the 25th June 2018 Governing Body meeting.

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 2016/17 and 2017/18.

The objectives of the review were:

- To review the governance arrangements at 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 2016 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 meals 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

Overall, the control environment in respect of the School's financial and governance arrangements is considered to be effective with opportunity for improvement.

Safeguarding and Educational Visits

The School has a Safeguarding and Child Protection Policy which is reviewed annually. Testing identified that all staff received the appropriate clearances before commencing duties in their posts.

Details of Child Protection training undertaken by staff is maintained on a training record held at the School; however a review of this record revealed that 12 members of staff have not received the most recent training (as at the time of the fieldwork for this audit). This report recommends that the 12 members of staff receive safeguarding and child protection training as soon as possible.

This report also recommends that where staff, permanent or casual, commence / terminate employment with the School, the School's DBS list be updated to reflect this.

Although the School make use of the EVOLVE system to record details of off-site visits, care should be taken to ensure that in accordance with the document 'Planning and Approval Procedures for Educational visits', residential trips are entered onto the EVOLVE system within the 28 day timescale.

Governance

The roles and responsibilities of the Governing Body and its sub-committees have been set out in writing and membership is reviewed and agreed annually. All Governing Body minutes examined were appropriately signed by the Chair of Governors; however sub-committee meeting attendance sheets are currently not held at the School. This report recommends that attendance sheets for all sub-committee meetings not clerked by Governor Support be retained at School.

While a Register of Business Interests is in place at the School and updated annually, no declaration was present for 3 current Governors.

There are 3 Governor vacancies at present; this report recommends that every effort is made to fill the vacancies as soon as possible.

Whilst all statutory policies were in place, some had not been endorsed by the Governing Body. This report recommends that when policies and documents are reviewed, they should be presented to the Governing Body with the minutes recording the decision made.

School Private Fund

An appropriate Management Committee has been established and the Annual Certificate and Audited Accounts were submitted to Education Finance by the required date. Notwithstanding this, a copy of the Auditor's certificate could not be located at the School and neither was there evidence within the Governing Body minutes that the audited accounts for the academic year ending 31st August 2017 had been provided to Governors for information.

At the time of the audit review, the Private Fund ledger was not up to date. It was established that the Ledger is in an electronic format and is typically updated monthly rather than following each transaction. It was also established that the Ledger is not routinely printed off and retained with the bank statements following the monthly bank reconciliation exercise. This report recommends that the fund ledger is updated with details of all income and expenditure transactions on a timely basis, the ledger be printed off following each monthly bank reconciliation exercise and records be signed and dated by the member of staff undertaking the exercise.

This report also recommends that the debit card (linked to the private fund bank account) which has been issued to the School is destroyed as only cheque payments are currently permitted.

Purchase Card

There is a sufficient audit trail in respect of evidence being available that supports the expenditure; however, audit testing identified that the transaction log had not been updated with recent items of expenditure. This report recommends that the transaction log be updated following each purchase made. In

addition, although a log is maintained each time the Purchase Card is shared with other members of staff, it is not being maintained in the recommended format. This report recommends that the card sharing log be amended to include the times the card is taken and returned.

Collections & Deposits

Dinner money is updated to SIMS and banked regularly, and the School manage their arrears in line with the Catering Finance School Meal Protocol. Testing identified that free school meals are only provided to those for whom eligibility has been confirmed and retained.

Equipment & Data Security

The School is registered with the Information Commissioner and a valid copy of the registration is held at the school. Information held on the system is backed up daily and confidential data is kept securely.

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

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Low	The membership of Governing Bodies is set out in chapter 3 of The Government of Maintained Schools (Wales) Regulations 2005. There is currently 1 LEA Governor vacancy, 1 Community Governor vacancy and 1 Parent Governor vacancy.	The School should endeavour to fill the Governor vacancies as soon as possible.	Implemented
5.1.2 Low	Governor attendance sheets for Governing Body Sub-Committee meetings were not evidenced during the Audit fieldwork.	Attendance sheets for all Governing Body sub-committee meetings must be retained at School and held in a manner that makes them accessible.	Implemented
5.1.3 Medium	Section 2.9 of the Scheme for Financing Schools states that: <i>'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'</i> . Although a register has been established, no declaration was present	A declaration should be completed in respect of the three Governors identified.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>for three Governors.</p> <p>NB. It is accepted that 2 of the 3 Governors are new to the Governing Body.</p>		
<p>5.1.4</p> <p>Medium</p>	<p>All statutory policies are in place at the School.</p> <p>Whilst some policies were endorsed with the date of the last review, some were not and some had not been endorsed by the Governing Body.</p> <ul style="list-style-type: none"> • Curriculum Policy • Data Protection Policy • Equality Policy • Health & Safety Policy <p>It was also noted that one statutory policy, which should be subject to an annual review, had not been reviewed:</p> <ul style="list-style-type: none"> • Pay Policy 	<p>Statutory policies and documents should be reviewed in line with the Governors Wales requirements.</p> <p>When policies and documents are reviewed and ratified by the Governing Body, it should be ensured that they are clearly detailed in the minutes.</p> <p>For those policies that do not require annual review, it is good practice to review them on a rolling programme every 3 years to ensure they are still relevant.</p>	<p>Implemented</p>
<p>5.2.1</p> <p>High</p>	<p>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:</p> <p><i>'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.'</i></p> <p>An update on safeguarding was provided to school staff on 15th March</p>	<p>As a minimum, Level 1 safeguarding training should be arranged for the 12 members of staff as soon as possible.</p>	<p>Implemented</p>

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>2017. Whilst there is a certificate held at School to demonstrate that the staff at Gwauncelyn Primary School undertook Level 1 Safeguarding, a cross-reference exercise between the attendance sheet for that training and the School staff list identified 8 members of staff who were not present for the training.</p> <p>It has also been established that 4 new members of staff commenced employment at the School on 1st September 2017.</p>		
5.2.2 Low	<p>The school staff list detailing staff DBS reference numbers was compared to the current list of staff employed at the school as provided by VISION support.</p> <p>One member of staff was present on the School's list but is no longer employed at the School.</p> <p>There are also three members of current staff who are not included on the School list.</p>	<p>The School should ensure that where staff, permanent or casual, commence / terminate employment with the school, the school list is updated to reflect this.</p> <p>The appropriate amendments should be made in respect of the four members of staff identified.</p>	Implemented
5.2.3 Medium	<p>All trips are being manually risk assessed by the trip organiser, entered on to EVOLVE and subsequently authorised by the Headteacher.</p> <p>5 trips were selected for review and it was confirmed that none of these trips had been entered onto Evolve within the designated 28 day timescale and therefore authorised in the correct manner.</p>	<p>Care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct timescales and are correctly classified in order for the Outdoor Education Advisor to give the necessary assurance that the provider and trip arrangements are appropriate.</p>	Implemented
5.3.1 Medium	<p>Section 2.3 of the School Private Fund Regulations states that: <i>'The Headteacher must ensure that the Annual Certificate and Summary of Accounts is presented to the Governing Body as soon as possible after the end of the school year...the submission of the Annual</i></p>	<p>Care should be taken to ensure that the Statement of Accounts and Annual Certificate are prepared and presented to the Governing Body as soon as possible after the end of the academic year, and that a copy of the</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p><i>Certificate and the Summary of Accounts must be sent to the Education Finance Team in Bronwydd House by the 31st December.'</i></p> <p>For the academic year ending 31.8.17, the fund Auditors certificate could not be located with the School Private Fund records. There is also no evidence within the Governing Body minutes that the School Private Fund Accounts for that academic year had been presented to the Governing Body.</p> <p>NB. It is accepted that the Auditors certificate and summary of accounts were provided to Education Finance within the correct timescales.</p>	documentation submitted to Education Finance is retained at the School for reference.	
5.3.2 Medium	<p>The School Private Fund Ledger is maintained on an Excel spreadsheet.</p> <p>At the time of audit testing, the School Private Fund Ledger for the current academic year had not been started, even though 2 cheques had been drawn and 2 deposits had been made with the bank.</p> <p>The School Clerk stated that the ledger is typically updated monthly rather than following each transaction.</p>	<p>A new School Private Fund Ledger should be created at the start of every academic year.</p> <p>Care should be taken to ensure that all income received and expenditure incurred is recorded on the Fund Ledger on a timely basis.</p> <p>These details may then be used to reconcile the account on receipt of the bank statements.</p>	Implemented
5.3.3 High	<p>Point 3.3 of the School Private Fund Regulations states that: <i>'All payments must be made by cheque, to be signed by at least two people, who are designated as cheque signatories.'</i></p>	Care should be taken to ensure that all payments must be made by cheque and be signed by at least two people who are designated as cheque signatories.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	For the academic year ended 31 st August 2017, 24 instances of expenditure amounting to £1,806.98 had been made using a debit card which had been provided to the School from the Bank (where the School Private Fund account is held).	The Debit Card should be destroyed.	
5.3.4 Medium	<p>Although it was evident that all bank statements have been reconciled to the School Private Fund Ledger by the School Clerk, each bank statement has been signed by the Headteacher.</p> <p>Discussions at the School established that the Headteacher signs the bank statement, following the School Clerk's check of the School Private Fund account, even though the Headteacher has no involvement with the bank reconciliation exercise.</p> <p>While this is acceptable as a means of independent review, the bank statements should also be signed by the person completing the bank reconciliation exercise.</p> <p>Furthermore, Appendix 2 (point 1.2) of the School Private Fund Regulations provides guidance on how to maintain an electronic Ledger.</p> <p>Whilst the School Clerk maintains an electronic ledger, not all of the conditions outlined in the Regulations are being met: i.e. it is not printed monthly for reconciliation purposes and a copy retained at the School.</p>	<p>On completion of the bank reconciliation exercise, care should be taken to ensure that the bank statements are signed and dated by the person carrying out the reconciliation as evidence of when and by whom this was carried out.</p> <p>The electronic ledger should also be printed monthly for reconciliation purposes, in line with Appendix 2 (point 1.2) of the School Private Fund Regulations.</p>	Implemented
5.4.1	Point 6.1 of the Cardholder Manual for Schools states: <i>'Each Purchasing Card transaction should be recorded on your</i>	In line with the Cardholder manual, the transaction log should be updated as and	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
Medium	<p><i>transaction log as soon as the transaction is complete to ensure that no information is omitted.'</i></p> <p>Although a transaction log is in place at the School, it is not being updated as and when a purchase is made.</p>	when a purchase is made, which will enable the transactions listed on the log to be reconciled to the Barclays system.	
5.4.2 Low	<p>Although a log is maintained each time the Purchase Card is shared with other members of staff, it is not being maintained in the recommended format (as included within the notes of guidance for purchase card holders).</p> <p>Currently the log in use does not include the times the card is taken and returned.</p>	On occasions where a member of staff requires the use of the card, care should be taken to ensure that the formal signing in / out record includes the times the card is taken and returned together with the signature of the member of staff.	Implemented

AUDIT NAME: PENPYCH COMMUNITY PRIMARY FOLLOW UP

DATE FINAL REPORT WAS ISSUED: 30/04/2018

INTRODUCTION

Penpych Primary School was last subject to an Internal Audit Review in May 2017. At this time, the overall opinion in respect of the School's financial and governance arrangements was considered to be 'insufficient and requires improvement'. Particular concerns were reported in respect of unreceipted expenditure relating to the School Private Fund.

Following receipt of the final report, the Council's Audit Committee resolved:

- That a follow up review is undertaken in respect of Penpych Community Primary School along with a detailed audit of the School Private Fund.
- This follow-up audit provides the outcome of the review requested by Audit Committee.

The Headteacher has confirmed that this report was presented to the 3rd July 2018 Governing Body meeting.

SCOPE & OBJECTIVES

Having given sufficient time for Management to implement the previous recommendations, the objective of this review was to:

- Establish the status of all recommendations raised within the previous report and to undertake a detailed examination of all expenditure administered via the School Private Fund.

AUDIT OPINION

This follow-up review concludes that the overall control environment in respect of the School's financial and governance arrangements is now considered to be effective with opportunity for improvement.

Noting that the previous Internal Audit report highlighted a particular concern in respect of supporting evidence relating to Private Fund expenditure, this follow-up report confirms that Management has responded well to this area of improvement. Based upon the sample of expenditure reviewed on this occasion, assurance can be provided that all expenditure was supported with appropriate documentation.

Management has made good progress in respect of implementing the recommendations contained within the previous report:

- Audit testing has confirmed that 12 of the previous recommendations have been fully implemented.
- 4 of the previous recommendations are noted as being partially implemented and these are reflected within the main body of this report.
- In addition to the sections within this report that relate to the partial implementation of previous recommendations, a small number of additional recommendations have been made as a result of the further testing undertaken in these areas.

Once implemented, these will improve the overall control environment further.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Low	Governor attendance sheets for sub committee meetings were not available at the School.	Attendance sheets for all Governing Body sub-committee meetings (i.e. those meetings not attended / minute by the Governor Support Officer) must be retained at School and held in a manner that makes them accessible.	Implemented
5.1.2 Medium	All statutory policies and documents are now in place at the School and all demonstrate a regular review. Whilst all policies and documents are endorsed with the date of the last review and have been signed by the Chair of Governors, for some it was not evident within the Governing Body minutes that all had been presented to the Governing Body.	All policies and documents should be presented to the Governing Body for review and ratification (and this should be minuted). Any policies that are updated/amended need to be presented to the Governing Body for ratification with a record held of this (recorded via the minutes). Details should be captured on the document covers i.e. date reviewed, date to be reviewed, signed and dated etc.	Implemented
5.2.1 Medium	Point 3.1 of the (CTSCB) Model Safeguarding Policy (that should be adopted by schools) states: <i>'The Designated Senior Person (DSP) for Child Protection will...Ensure that all staff have signed to say that they have received, read and understood the Child Safeguarding Policy.'</i> Although the School has established relevant Safeguarding and Child Protection Policies which are provided to staff, a record was not made until the audit review to demonstrate that each member of staff has received, read and understood the Policies.	The School is reminded that following each annual review of the Safeguarding Policy, the Designated Senior Person must ensure that all members of staff sign to demonstrate that they have received, read and understood the policy. Good practice would be to introduce a proforma with all staff names included and attached to the master Safeguarding Policy and held within the safeguarding file.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.2.2 Low	<p>Section 2.21 of Keeping Learners Safe: <i>'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'.</i></p> <p>Although Safeguarding Training was undertaken at the School on 4th and 5th September 2017, there was one member of staff who was not present for this training as the employment of this staff member did not commence at the School until 1st November 2017. It is acknowledged however that this individual did receive the required training at his previous School and evidence was in place to confirm this.</p>	As a minimum, Level 1 Safeguarding training should be arranged for the member of staff identified as soon as possible.	Implemented
5.3.1 Low	<p>Section 2.1 of the School Private Fund Regulations states that: 'The School Private Fund shall be managed by a committee formed from school staff. It must include a Chairperson, Treasurer and Secretary'.</p> <p>Although a Management Committee has been set up, the Chairperson of the Fund is the Chair of Governors who is not an employee at the School.</p> <p>In addition, currently there are only 2 cheque signatories in respect of the School Private Fund.</p>	<p>A new Chairperson for the School Private Fund should be appointed as soon as possible in accordance with the requirements of the School Private Fund Regulations. The appointments made should relate to actual duties undertaken.</p> <p>A third cheque signatory should be appointed. Once the cheque signatory has been appointed, as required, a copy of the bank mandate should be retained at the school for reference purposes.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.3.2 Low	<p>Although a Record of Daily Income has been introduced at the School, it is not updated as and when income is received. Instead, it is updated when a deposit is made with the bank.</p> <p>NB. It is accepted that income received in respect of trips is initially recorded on individual class records.</p>	<p>The Record of Daily Income should be updated as and when income is received. This should be ruled off and totalled when a banking is made and the details updated to the Private Fund Ledger in a summary format.</p>	Implemented
5.4.1 Low	<p>Although a log is maintained each time the Purchase Card is shared with other members of staff, it is not being maintained in the recommended format (as included within the notes of guidance for purchase card holders).</p> <p>Currently the log in use does not always include the times the card is taken and returned.</p>	<p>On occasions where a member of staff requires use of the card, care should be taken to ensure that the formal signing in / out record includes the times the card is taken and returned together with the signature of the member of staff.</p>	Implemented
5.4.2 Medium	<p>Although receipts were present to support all items of purchase card expenditure, for the sample period tested (June 2017 to January 2018) 18 occasions were noted whereby no appropriate VAT receipt had been obtained, although VAT had been reclaimed.</p>	<p>Every effort should be made to obtain appropriate VAT receipts where VAT is to be reclaimed. An appropriate VAT receipt should include:</p> <ul style="list-style-type: none"> • details of the sale including the tax date; • the supplier's VAT registration number; • the amount paid for the goods or services; and • the amount of VAT the supplier has charged. <p>If a VAT receipt cannot be obtained and it is</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		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.	
5.5.1 Medium	<p>A report taken from SIMS during the audit visit identified a combined total of £1,464.86 owed to the School in respect of dinner money arrears. Of significance, there are 16 pupils with individual arrears in excess of £28.00, with the highest individual balance being £216.20.</p> <p>Discussion at the School revealed that dinner money arrears are pursued by text message, phone calls, speaking to parents and by issuing standard arrears letters. However, from the 16 pupils identified with excessive arrears, evidence was only available to demonstrate that the balances owed had been pursued for 7 pupils.</p>	<p>Every effort should be made to ensure that school dinner money is paid regularly.</p> <p>Where arrears are in excess of the prescribed limits, as per recovery protocols, these should be formally referred to Catering Finance for further recovery action.</p>	Implemented
5.6.1 Low	Although it is accepted that copies of paid invoices are retained at the School in a file, payment details are not formally recorded on the official copy orders.	Photocopies of all paid invoices should either be attached to the copy order or the copy order endorsed with details of the invoice number, amount and the date passed for payment.	Implemented

AUDIT NAME: PONTYPRIDD HIGH SCHOOL – FOLLOW-UP

DATE FINAL REPORT WAS ISSUED: 23/05/2018

INTRODUCTION

Pontypridd High School was last subject to a routine Internal Audit in December 2016. At this time, the overall control environment in respect of the School's financial and governance arrangements was considered to be 'insufficient and required improvement'.

Following the presentation of the final report to Audit Committee, a follow-up review 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.
- The Headteacher has confirmed that this report will be presented to the Governing Body meeting scheduled for 11th July 2018.

SCOPE & OBJECTIVES

Having given sufficient time for Management to implement the previous recommendations, the objective of this review was to:

- Establish the status of all recommendations raised within the previous report.

AUDIT OPINION

This follow up review now concludes that the overall control environment in relation to the School's financial and governance arrangements is considered to be effective with opportunity for improvement.

Safeguarding

The Child Protection Policy in place at the School has now been reviewed and was presented to the Governing Body in November 2017.

During the fieldwork for this audit, it was established that Level 1 training was provided in October 2017. Whilst 28 members of staff were not in attendance, management arranged for further training sessions to be delivered as mop-up sessions.

The School use the Evolve system to record details of residential / adventurous trips. Staff should be reminded of the need to ensure that all trips/activities are entered within the correct timescales as this had not been done for 2 of the 5 trips examined during the review.

Governance

The roles and responsibilities of the Governing Body and its sub committees have been set out in writing. The Governing Body appointed a new Governor for the vacancy reported in the last audit review; however they now have one new vacancy.

Whilst all statutory Policies are in place at the School, one (i.e. the Performance Management Policy) still needs to be ratified by the Governing Body. It was also noted that the School has not adopted the latest Staff Disciplinary Policy.

Purchase Card

There are 3 Purchase Cards at the School. On the whole, there is a sufficient audit trail in respect of evidence being available that supports expenditure via the cards.

This review has again identified items of expenditure during the period April 2017 to February 2018 totalling £330.17 that are considered to be unnecessary

/ inappropriate and do not demonstrate value for money.

School Income

The School have developed a Finance Policy that contains details of how each area of administration should be managed and the roles/responsibilities of the individuals presently involved. However, it does not include the processes to be followed for the Purchase Cards and is yet to be formally presented to the Governing Body.

Income processes now have the appropriate segregation of duties in place, with bank reconciliations now undertaken on a timely basis. Additionally, school lettings are being appropriately administered and authorised by the Headteacher.

There continues to be a high number of outstanding debts owing to the School. At the time of the fieldwork, a total of £4,101.40 was owed to the School, of which 20 debtors owe £3,111 in respect of invoices in excess of 91 days old. Whilst a procedure has now been introduced to chase outstanding debts, Management need to determine the way forward with these debtors, as a number of these are long term.

School Private Fund

The School Private Fund is administered well with detailed records that provide an adequate audit trail for all income and expenditure transactions with a running account balance now maintained. Additionally, the account is now subject to regular reconciliations.

There is however still some inconsistency between teaching staff in respect of the administration of School Trips and staff should be reminded of the procedures to be followed as set out in the School Private Fund Regulations.

Petty Cash

There were no issues noted with the administration process for Petty Cash during this review.

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

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.3.3 Medium	<p>Section 3.1 of the Cardholder Manual states: <i>'The card can be used by other authorised staff but they must sign the Signing Out/In sheet provided to record such use'</i>.</p> <p>Whilst there were Signing Out/In sheets for each of the three Purchase Cards available at the school, examination of the sheets identified that they had very rarely been completed even though a significant number of purchases would have been made by other staff.</p>	<p>It should be ensured that the Signing Out/In sheets for each Purchase Card are always completed when the card is used by staff members other than the card holder.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 High	<p>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: <i>'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'</i>.</p> <p>Although it was established that Level 1 training was provided to the whole school on 2nd October 2017, it was noted that 28 members of staff did not receive the training.</p>	As a minimum, Level 1 Safeguarding training should be arranged for all 28 members of staff who were not present on 2 nd October 2017.	Implemented
5.1.2 Medium	<p>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 the visit'.</p> <p>Three of the five trips examined had been updated onto Evolve within the timescales.</p> <p>However, in respect of the Munich 2017 trip, it was not submitted to the Outdoor Education Advisor and subsequently authorised until 10th July 2017 (with the trip taking place on 17th July 2017).</p> <p>It was also found that one trip - Introduction to Oxbridge, Ty Dysgu, had not been authorised, even though the trip took place on the 4th December 2017.</p>	Care should be taken to ensure that all trips / activities are entered onto Evolve within the correct timescales and are correctly classified in order for the Outdoor Education Advisor to give the necessary assurance that the provider and trip arrangements are appropriate.	Implemented
5.2.1	All Statutory Policies are in place at the School and are endorsed with	In line with statutory requirements, the	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
Low	<p>the date of the last review.</p> <p>However, it was noted that whilst the Performance Management Policy was reviewed in October 2017, it is yet to be endorsed by the Governing Body.</p>	<p>Performance Management Policy should be reviewed and updated where necessary and presented to the Governing Body.</p> <p>Endorsement of the policies should be minuted as confirmation of this process.</p>	
5.2.2 Low	<p>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 6 Parent Governors, 5 LEA governors, 2 Teacher Governors, 1 Staff Governor, 5 Co-opted Governors and the Headteacher.</p> <p>Examination of the Governing Body structure revealed that there is currently 1 LEA Governor vacancy.</p>	<p>The school should endeavour to fill the Governor vacancy as soon as possible.</p>	30 June 2018
5.3.1 High	<p>Examination of the expenditure incurred on the three Purchase Cards held at the school for the 2017/18 financial year identified instances on two cards whereby expenditure incurred was considered unnecessary/inappropriate. These were: -</p> <ul style="list-style-type: none"> • Card 1 <ul style="list-style-type: none"> ○ 3/7/17 - Tescos - £35.10 - Items for Volunteers (including alcohol) ○ 21/12/17 - Co-Op - £15 - Items for OAP Party (including alcohol) • Card 2 <ul style="list-style-type: none"> ○ 4/7/17 - Tesco - £90.78 - Items for Governors Lunch 	<p>All potential expenditure should be subject to challenge by the Headteacher to ensure that the school can demonstrate value for money and that funds have been utilised in a prudent manner.</p> <p>The items listed are not considered appropriate and alternative arrangements to fund these activities should be made in future.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<ul style="list-style-type: none"> ○ 5/7/17 – Sainsbury’s - £10.45 - Items for Governors Lunch ○ 18/12/17 - Tesco - £158.84 - Items for OAP Party (including alcohol) ○ 18/12/17 - Gwilim Florist - £20 - Flowers for the school uniform supplier who passed away <p>Note: - The expenditure for the OAP party was made from fundraising activities, with the alcohol purchased being the reason why it is inappropriate.</p>		
5.3.2 Medium	<p>Section 6 of the Cardholder Manual for Schools issued by Procurement Services states that: <i>'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'</i>.</p> <p>Examination of the transaction logs available identified that whilst they are up to date, they are not being updated as and when transactions occur.</p>	All transactions should be promptly updated onto the transaction logs as and when they occur.	Implemented
5.3.4 Low	Whilst the Purchase Card bank statements show evidence that a reconciliation exercise takes place, they are not always signed and dated by the person undertaking the reconciliation.	Care should be taken to ensure that the Purchase Card bank statements are signed and dated by the person undertaking the reconciliation.	Implemented
5.4.1 Medium	Whilst the School have reviewed the Finance Policy since the last audit visit, there is no reference within the Policy regarding the processes and responsibilities around the School’s Purchase Cards.	The Finance Policy should be enhanced to include processes and the individual staff responsibilities for the School’s Purchase Cards.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Additionally, it has not yet been presented to the Governing Body.</p> <p>Note: - The Finance and Support Services Manager confirmed that this Policy will be presented at the next Governing Body meeting on 22nd March 2018.</p>	<p>Once completed, the Policy should be presented to the Governing Body for approval and issued to all appropriate members of staff.</p>	
5.4.2 Medium	<p>Examination of the Aged Debtor report revealed that there is currently £4,101.40 owed to the School, of which 20 debtors owe £3,111 and is in respect of invoices in excess of 91 days old.</p> <p>Discussions with the Finance and Support Services Manager established that whilst the School have been chasing up these arrears, many are long term debts and may need to be written off.</p>	<p>The amounts outstanding to the School should be followed up immediately.</p> <p>The Headteacher should consider each balance outstanding to determine if any of the debtors are to be written off.</p> <p>This should be incorporated into the School's Letting Policy.</p>	Implemented
5.5.1 Medium	<p>Section 9.2C of the School Private Fund Regulations states that: <i>'The trip organiser must maintain a record of all monies received'</i>.</p> <p>The arrangements in respect of the collection and recording of school trip income is currently the responsibility of Pupil Services who record details of all income received on a Record of Daily Income Sheet. Income is then transferred to the Finance Office for updating onto the ledger and deposited with the bank. Copies of the income records are then provided to trip organisers.</p> <p>A sample of two trips were chosen for examination and the following issues were found: -</p> <ul style="list-style-type: none"> • Munich - July 2017 	<p>The School should ensure each trip has consistent documentation held on file for each trip undertaken.</p> <p>All income collected should be banked intact with any refunds to be made using the chequebook.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<ul style="list-style-type: none"> ○ Whilst a Statement of Account and expenditure records were present, there were no copies of the RODI's sheets held within the trip organiser's file (the Finance Officer hold the original copies if required). • Cinema - December 2017 <ul style="list-style-type: none"> ○ All income collected was recorded on the RODI's and a Statement of Account was held on file. However, it was found that £10 collected on 15/12/17 had not been banked. Discussions with the Finance Officer established that 1 pupil dropped out of the trip after they had paid and Pupil Services refunded £10 to that pupil from income collected and not via a cheque refund. 		

AUDIT NAME: PORTH COMMUNITY SCHOOL – FOLLOW-UP

DATE FINAL REPORT WAS ISSUED: 16/05/2018

INTRODUCTION

Porth Community School was last subject to a routine Internal Audit during March 2017. At this time the overall control environment in respect of the School's financial and governance arrangements was considered to be 'insufficient and requires improvement'.

Following receipt of the final report the Council's Audit Committee requested a follow up review to be undertaken.

- This follow-up audit provides the outcome of the review requested by Audit Committee.
- The Headteacher has confirmed that this report was presented to the 20th June 2018 Governing Body meeting.

SCOPE & OBJECTIVES

Having given sufficient time for Management to implement the previous recommendations, the objective of this review was to:

- Establish the status of all recommendations raised within the previous report.

AUDIT OPINION

This follow up review now concludes that the overall control environment in relation to the School's financial and governance arrangements is considered to be effective with opportunity for improvement.

Of the 35 recommendations made at the time of the last review, 29 have been fully implemented and it is therefore acknowledged that the School has demonstrated a commitment to addressing the findings contained within the 2017 audit report.

Governance

The roles and responsibilities of the Governing Body and its Sub-Committees have been set out in writing and all Governing Body minutes are being signed by the Chair of Governors. Attendance sheets are now in place detailing all Governors in attendance at each Governing Body meeting.

The Acting Headteacher has a delegated financial spending limit and all statutory policies and documents are now in place and have been formally ratified by the Governing Body.

It is however noted that despite regular advertising, there are still 6 Governor vacancies on the Governing Body. Difficulty has been experienced in appointing to the posts as there is also an interim Governing Body in place for the forthcoming middle School which is scheduled to open in September 2018.

Safeguarding

A Register is now in place to record any safeguarding training received by staff. It is acknowledged that an update on Level 1 Safeguarding was provided to school staff on 5th September 2017; however there were 16 members of staff who were not present for the training. Level 1 safeguarding training should therefore be arranged for these staff as soon as possible.

The School use the EVOLVE system to record details of residential / adventurous trips. However, staff should be reminded of the need to ensure that all trips/activities are entered onto EVOLVE and within the correct timescales. For routine off-site visits such as sporting fixtures/tournaments the Headteacher

should ensure that a permanent record is made and retained, and staff made fully aware of their responsibilities for future events.

School Private Fund

A Management Committee is now in place and two independent Auditors have been appointed. There has been a vast improvement in the administration and record keeping in respect of School trips and evidence was available at the School to support all fund expenditure incurred. Notwithstanding this, there were 3 items of expenditure totalling £377.07 that were deemed to be more appropriately processed through the School Budget Account - it is acknowledged that no costs were borne by the Fund.

Purchasing

The School's Purchasing Policy has now been updated with delegated limits of spend. This was agreed at the July 2017 Governing Body meeting and a copy is available at the School. There has been a vast improvement within the purchasing system in that all purchases are authorised by the appropriate budget holder prior to a commitment being made and there is a clear trail from receipt of the goods to payment of invoice. There are however a large number of payments being processed as non-orders on the SIMS system (6 out of 10 in the sample examined) that should have been raised via the official ordering process or using the Purchase Card.

Purchase Card

The Purchase Card system is effective and there are no issues to report. There is clear evidence that the bank statements are regularly reconciled and an up to date transaction log is in use which provides details of all Purchase Card purchases. Of the purchases examined (September 2017 to March 2018) there were no occasions of inappropriate expenditure identified and VAT receipts were available to support all items of expenditure.

Assets

Despite the ongoing building works to the site, the inventory in respect of electrical items has been completed and items are now asset tagged. Audit testing established that items listed on the inventory matched the items listed in the Finance Office and there are no findings for this area contained within the report.

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

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 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: <i>'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</i>	As a minimum, Level 1 Safeguarding training should be arranged for the 16 members of staff who were not present as soon as possible. The training record that has been introduced at the school should be used to identify gaps	30 June 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p><i>by refresher training'.</i></p> <p>An update on Level 1 Safeguarding training was provided to school staff on 5th September 2017; however a cross-reference between the attendance sheet for the training and the School staff list identified 16 members of staff who were not present for the training.</p>	/ refresher training going forward.	
5.1.2 Low	<p>The school staff list detailing staff DBS reference numbers was compared to the current list of staff employed at the school (as provided by VISION support).</p> <p>Six members of staff were present on the School's list and were no longer employed at the School.</p>	<p>The School should ensure that where staff, permanent or casual, commence / terminate employment with the school, the school list is updated to reflect this.</p> <p>The appropriate amendments should be made in respect of the six members of staff identified.</p>	Implemented
5.1.3 Low	<p>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'.</p> <p>Examination of a sample of 5 school trips recorded on EVOLVE identified the following:</p> <ul style="list-style-type: none"> • Normandy 26.3.18 <ul style="list-style-type: none"> ○ Not submitted to the EVC until 12.3.18 • Ski 2018 20.1.18 <ul style="list-style-type: none"> ○ Not submitted to the EVC until 18.1.18 • Mountain Walking 22.11.17 <ul style="list-style-type: none"> ○ Not created on EVOLVE until 16.11.17 	Care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct time-scales and are correctly classified, in order for the Outdoor Education Advisor to give the necessary assurance that the provider and trip arrangements are appropriate.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	The remaining 2 trips examined were found to be entered onto EVOLVE and authorised in accordance with the recommended procedures.		
5.1.4 Medium	<p>Although the document 'Planning and Approval Procedures for Educational Visits' states that Schools can determine their own planning and approval requirements for School trips, it also states that Schools are strongly advised to use the EVOLVE system.</p> <p>Routine off-site visits such as sporting fixtures are currently not entered onto EVOLVE.</p>	<p>EVOLVE should be used to document all off-site visits including those in relation to sporting fixtures / tournaments etc.</p> <p>All staff should be made aware of their responsibilities to avoid any confusion over future responsibilities.</p>	Implemented
5.2.1 Medium	<p>A review of the School Private Fund expenditure for the current academic year identified the following items that would have been more appropriately processed through the School budget:</p> <ul style="list-style-type: none"> • RCT Heads Association Affiliation Fee - £165.00 • Art Department - £112.07 <p>Note - It is accepted that sufficient income was received from pupils to cover the cost of the Art Department expenditure and income has been received from the School Budget Account in respect of the RCT Heads Association Affiliation Fee. Hence no costs have been borne by the Fund.</p>	The items listed would be more appropriately processed via the School budget account in future.	Implemented
5.3.1 Medium	<p>A review of a sample of 10 non-order invoice payments revealed that a prior request is likely to have been made on 6 of the 10 occasions:</p> <ul style="list-style-type: none"> • Paper house Plus – Photocopier Paper • SR Production Services - Fashion Show Lighting Hire • It's My Shout Ltd - Stage hire, make-up and 2 instructors on 	Where a prior request is known for goods / services, an order should be raised in the first instance. If an order was placed via telephone, an order should be raised as soon as possible thereafter. The subsequent copy	Implemented

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>22.3.17 and 29.3.17</p> <ul style="list-style-type: none">• Edwards Coaches - Bus Hire• S Frederick - To supply and install circuits as per estimate.• Event Hire - Mobile Wall Hire 11.7.17	<p>order should be signed by an appropriate (authorised) member of staff.</p> <p>To avoid additional work, invoices for non-orders e.g. utilities, should be paid via the School purchase card where possible. If the School is unable to use the purchase card, these can be processed using the non order invoice facility and no requirement for a SIMS order to be raised.</p>	

AUDIT NAME: TYLORSTOWN PRIMARY SCHOOL

DATE FINAL REPORT WAS ISSUED: 23/05/2018

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.

Tylorstown Primary was last subject to an Internal Audit Review in April 2015 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 report was presented to the 5th June 2018 Governing Body meeting.

SCOPE & OBJECTIVES

The checklist for non chequebook primary schools comprises of 105 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 year 2017/18.

The objectives of the review are:

- 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 2017 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 meals 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 IT equipment are restricted, that computer hardware and software is adequately protected and that the School and Governing Body are appropriately registered under the Data Protection Act 1998.
- To review the governance arrangements in place at the School.

AUDIT OPINION

Overall, the control environment in respect of the School's financial and governance arrangements is considered to be effective with opportunity for improvement.

Safeguarding & Educational Visits

The School has a Child Protection Policy in place. Whilst this was reviewed in June 2017 and presented to the Governing Body in October 2017, this was found to be an older version from 2016 and not the most recent available at that time (June 2017). It is however accepted that the current Headteacher has only been in post since May 2017.

Level 1 Safeguarding training was last undertaken by the whole School in September 2016. The Headteacher, Deputy Headteacher and a third member of staff have received Level 3 safeguarding training. Certificates for the whole School and individual staff were present. It is recommended that a central training record is introduced to show details of all staff training provided and renewal dates, and copies of all certificates retained. A record of DBS checks was in place and is up to date. The School use the Evolve system to document and authorise planned trips and those examined were found to be accurately updated.

Governance

All statutory policies and documents were present, with many of these being reviewed since the Headteacher's appointment in May 2017. These were found to have been signed and dated by the Chair of Governors and Headteacher. For many of the older policies it was unclear whether they have been reviewed and presented to the Governing Body as many did not have cover sheets with these details recorded. It was further noted that there was very little detail of policies being presented to the Governing Body contained within the Governing Body minutes.

A Register of Business Interests is in place and all current Governors have completed the necessary declarations which were all present. The School currently has 2 Governing Body vacancies for which they should continue to endeavour to fill.

Attendance sheets in respect of any meetings not clerked by the Governor Support Officer were not present at the School. For those meetings not attended, the School should introduce an appropriate record and retain this at the School.

Purchase Card

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, online orders and a Record of Expenditure Without a Receipt pro-forma is in use. It was noted that transactions are not "authorised" on the Barclaycard system; this process needs to be introduced immediately as part of the reconciliation process.

Purchases have been made by the School's Family Engagement Officer using the School's Purchase Card on behalf of the PTA. Their role is to provide a link between the School and PTA, with these purchases subsequently being reimbursed by the PTA. A PayPal account has also been registered and the card details stored on this website, allowing purchases to be made without the need to physically obtain the Purchase Card.

While all transactions were accounted for and subsequently reimbursed to the School by the PTA, this practice contravenes protocol and should be discontinued. Only authorised staff should have access to the card, with all card details removed from any web-sites. School Private Fund

The Treasurer maintains detailed records and an adequate audit trail of all income and expenditure transactions was in place. Income is banked weekly and the account reconciled to the bank statements monthly. It is recommended that both the Fund Treasurer (who undertakes the reconciliation) and Headteacher (who carried out an independent review) both sign and date the statements as evidence of this process.

All expenditure within the sample was solely for the benefit of the pupils and was supported with receipts / vouchers. This report recommends that an additional cheque signatory be added to the current panel to avoid any potential difficulties in signing cheques during periods of staff absence.

School Meals

School meal income is recorded directly onto SIMS, with meal numbers provided to Catering staff daily. Income is banked weekly and returns in respect of both catering and banking are submitted accordingly.

While the School are sending reminders to parents in respect of dinner money arrears and Catering Finance provided with a ½ termly report, no arrears are referred to Catering Finance for further recovery action. While there are currently only 4 pupils with arrears in excess of the 2 week limit, there have been prior instances where the School budget has been charged in respect of the outstanding amounts where referrals for non payment have not been made.

Data Protection & Security

The School is currently registered with the Information Commissioner. School data is backed up daily by Extrascope, with this process being automated and a confirmation email sent to the School confirming back up completion.

The School's inventory is currently not up to date and ICT equipment (while asset registered) is not marked as the property of the School.

Purchasing

While most purchases are made using the Purchase Card, the School still places some orders directly with companies on-line or via telephone. Where these instances occur no official orders are completed. The School is therefore unable to demonstrate that all orders were appropriately authorised; however all invoices are checked prior to payment and forwarded to the Creditors Team for payment.

Formula Funding

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
5.6.1 Low	Currently the school only have 2 authorised cheque signatories as the current Headteacher has yet to be added. Discussions revealed that the School would be interested in opening a new private fund account with Barclays Bank (via the Council).	The School should update the current signatories for the School Private Fund account. The Headteacher should consider contacting the Council's Accountancy Bank Reconciliation & System Section to discuss the possibility of opening a new Private Fund	31 July 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		account through Barclays Bank.	
5.1.1 Medium	<p>It was difficult to establish when the School's Policies and Documents were reviewed and when they are due to be reviewed / ratified / presented to Governing Body due to a lack of information on the Policy document cover. This was present on some occasions but not for all policies and documents. It was also on occasion difficult to identify this from the Governor Body meeting minutes.</p> <p>It is acknowledged that the Headteacher has only been in post since May 2017.</p>	<p>The Headteacher and Governing Body should ensure that they implement a rolling programme to review all School policies. This will ensure that all policies are up to date and reflect the current practices at the School.</p> <p>Any policies that are updated/amended need to be presented to the Governing Body for ratification with a record held of this (recorded via the minutes). Details should be captured on the document covers i.e. date reviewed, date to be reviewed, signed and dated etc.</p>	30 September 2018
5.1.2 Low	<p>The membership of governing bodies is set out in chapter 3 of the Government of Maintained Schools (Wales) Regulations 2005. This specifies that the composition of the Governing Body should consist of either 13 or 17 Governors. It was confirmed in the Instrument of Government that the school's Governing Body should consist of 13 members.</p> <p>Examination of the current Governing Body structure revealed that there are currently only 11 governors in post at the time of the audit.</p>	The School should continue to endeavour to fill the Governor vacancies as soon as possible.	30 November 2018
5.1.3 Low	Discussions revealed that there is no formal, documented process in place that allows parents / members of the public access to governing body minutes and reports.	The Headteacher should liaise with the Governing Body to introduce a protocol in the event of receiving a request from a member of the public to access Governing Body	31 July 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		minutes and reports.	
5.1.4 Medium	While the School's Governor Support Officer minutes and retains the attendance lists for any Full Governing Body meetings attended, attendance sheets are not maintained by the School in respect of any sub-committee meetings held.	For those meetings not attended / minuted by the Governor Support Officer, attendance lists should be completed and retained at the school.	31 May 2018
5.2.1 Medium	<p>The School's Safeguarding / Child Protection Policy was reviewed in June 2017 and presented to and adopted by the Governing Body in October 2017.</p> <p>However, on review of the document it was noted that the version presented to the Governing Body was not consistent with the latest version as recommended by the Cwm Taf Safeguarding Children Board.</p>	<p>The Headteacher should obtain the June 2017 Policy document and represent it to the Governing Body. Thereafter it should be ensured that the most up to date version is presented for ratification.</p> <p>The Headteacher should ensure that all staff sign to demonstrate that they have received, read and understood the latest Child Safeguarding Policy.</p> <p>Good practice would be to introduce a proforma with all staff names included and attached to the master Safeguarding Policy and held within the safeguarding file.</p>	Implemented
5.3.1 High	<p>Examination of the purchases made using the School's Purchase Card identified the following issues:</p> <ul style="list-style-type: none"> The School's Family Engagement Officer (link between school and the PTA) has made 27 purchases using the school purchase card to purchase items for the PTA on behalf of the School, with these being subsequently reimbursed by the PTA. 	<p>Only authorised staff should have access to and make purchases using the School's Purchase Card.</p> <p>Additionally, access to the Purchase Card should be restricted and steps taken to ensure that the Purchase Card details are</p>	31 May 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<ul style="list-style-type: none"> 26 of these purchases have been made using a Paypal account which has been set up and the card details have been stored on this site allowing further orders to be placed without needing to have access to the Purchase Card. A further payment had been made from the Paypal account by a member of the office staff. <p>Internal Audit has reviewed all transactions and can confirm that no inappropriate transactions have taken place and the School has been reimbursed by the PTA for all expenditure incurred.</p>	removed from any web-site accounts where details have previously been stored.	
5.3.2 Medium	<p>On review of the transactions on the Barclaycard system it was noted that none of the transactions have been "authorised" on the system.</p> <p>Discussions with the clerk revealed that she was unaware of this element of the process.</p>	The School should ensure that as part of the process of updating transactions on the Barclaycard system, that all transactions are appropriately "authorised".	31 July 2018
5.4.1 Medium	<p>Review of school meal arrears revealed that at the time of the visit there were 4 pupils with arrears in excess of the 2 week limit.</p> <p>It is acknowledged that there are ongoing social issues relating to some of the current arrears. However, it was established that although the School are completing and returning their ½ termly reports to Catering Finance, no families have been referred for further recovery action (resulting in the School budget being charged for arrears which have not been referred).</p>	Where arrears are in excess of the prescribed limits, as per recovery protocols, these should be formally referred to Catering Finance for further recovery action.	31 July 2018
5.5.1	Although ICT equipment has been asset registered by the School's	Where possible, ICT equipment (over a value	31 July 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
Low	Support Service (Extrascope) via a small badge/sticker with an asset number, items are currently not marked as property of the school.	determined by the Headteacher & Governing Body) should be marked as property of the school. This can be done using an ultraviolet pen for example.	
5.5.2 Medium	Discussions with staff revealed that there was some uncertainty as to when the School's inventory was last updated. The School's inventory is currently maintained on SIMS, and as the system was down at the time of audit, the exact date of the last update could not be verified.	The School should ensure that its inventory is up to date. Thereafter an annual review should be carried out. The School may wish to consider introducing a separate Disposals and Additions List which can be updated as and when old items are disposed of and new items purchased. These lists can then be used to help update the master document when reviewed annually.	31 July 2018
5.6.2 Low	The Treasurer is currently responsible for reconciling the bank statements, with a further independent review carried out by the Headteacher. On review of the Private Fund records it was noted that although there was evidence of the account being reconciled i.e. transactions ticked on bank statements, only the Headteacher has signed the bank statements.	When undertaking the reconciliation process the Fund Treasurer should also sign and date the records as evidence of when and who undertook the reconciliation. The records should then be provided to the Headteacher for review and a counter signature.	31 July 2018
5.7.1 Medium	Although the Purchase Card is frequently used at the School to order goods and services, on occasions where the Purchase Card cannot be used, the School will place an order directly with a company over the telephone. On such occasions no formal record of the order is retained at the School, with the invoice checked upon receipt and forwarded to the Creditors Team at Bronwydd for payment.	The School should ensure that where the Purchase Card cannot be used for any goods / services required, an official order is raised using the F111 order book. This will ensure that a certified copy of the order is held at the School which can be used to cross-reference a delivery check when the	31 July 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		goods are received and assist with any discrepancies with the order.	

AUDIT NAME: YG RHYDYWAUN

DATE FINAL REPORT WAS ISSUED: 02/05/2018

INTRODUCTION

Ysgol Gyfun Rhydywaun is a designated Welsh medium secondary school for pupils between 11 and 18 years old situated in Aberdare. Pupils are admitted to the School from the 3 Welsh medium Primary Schools in the Cynon Valley and 2 Welsh medium Schools situated in Merthyr Tydfil. There are currently 974 pupils on roll which includes 162 pupils in the sixth form. Ysgol Rhydywaun was last subject to a routine audit review in July 2014 with a follow up review undertaken in July 2015. The Headteacher has confirmed that this report is scheduled to be reported to the September 2018 meeting of the Governing Body.

SCOPE & OBJECTIVES

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

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

- Governance
- Safeguarding
- School Private Fund
- Purchasing
- Purchase Card
- Banking

AUDIT OPINION

The overall control environment in relation to the School's financial systems and governance arrangements is considered to be effective with opportunity for improvement.

Safeguarding

The School's Safeguarding Policy was last reviewed by the Governing Body during February 2017. However, there was no signed copy held at the School. For the Policy currently in place, good practice was noted in that there are records kept to demonstrate that each member of staff has received and read the Policy. However, audit testing identified that 7 casual members of staff had not signed to confirm that they had received, read and understood the Policy.

A record is held at the School of staff who have been DBS checked and audit testing confirmed that no staff commenced employment at the School prior to the completion of the required pre-employment checks.

Level 1 training was provided to the whole School during September 2017 although no records were available to demonstrate that 18 members of staff have received formal training.

The School use the EVOLVE system to record details of residential / adventurous trips. Care should be taken to ensure that all trips/activities are entered

within the correct timescales as this had not been done for 4 of the 5 trips examined.

For routine off-site visits such as sporting fixtures/tournaments, the Headteacher should ensure that details of these are also updated onto EVOLVE and that staff are made fully aware of their responsibilities to avoid any confusion over the recording and assessment of future events.

Governance

The roles and responsibilities of the Governing Body and its sub-committees have been set out in writing, and membership is reviewed and agreed annually. All minutes examined had been appropriately signed and the financial limits for delegated authority have been agreed and minuted.

There are 4 Governor vacancies at present.

Staff involved in the financial decision making process have these responsibilities noted in their job descriptions and regular budgetary information from SIMS is provided to the Governing Body. A Register of Business Interests is in place at the School with all current declarations in place at the time of the audit.

Although all statutory policies are in place at the School, there are a number of policies that should be subject to an annual review and ratified by the Governing Body.

School Private Fund

The School Private Fund is in need of improvement.

One of the fund Auditors is also a cheque signatory and is therefore not independent when undertaking the annual audit of the School Private Fund accounts.

However, of most significance is that the income system currently in place is not robust. There is no formal process for recording income received in respect of activities relating to the fund as the entries recorded on the Ledger could not be reconciled to the subsidiary records. This report recommends that only 1 Record of Daily Income be used to record income received in respect of the School Private Fund and that only 1 member of staff be primarily responsible for recording the income prior to handover to the Office Manager for updating onto the Ledger and subsequent deposit with the bank.

As a result of the current working practices, 2 of the 3 trips examined could not be reconciled. It was also noted that full evidence was not always available to demonstrate the expenditure from the cash floats taken on 2 of the trips examined.

Purchasing

Audit testing identified that the Non Order payment facility is being used to process payments where a commitment to expenditure would have been known. The facility has also been used to make payments to a Music Tutor although no HMRC employment status check was undertaken before the School engaged with the tutor.

Whilst all cancelled cheques are retained at the School, inconsistencies were noted in that they are not always marked as cancelled or reference made to any replacement cheque being issued. From 26 cancelled cheques, only 3 cheques were appropriately endorsed. The remainder could still be presented. Similarly, from a sample of 4 cancelled orders, whilst they have been marked as 'Cancelled' no explanation/reason for the order being cancelled had been recorded on 3.

Purchase Card

There are 5 cards in place at the School, 2 of which are not being used. For the 3 cards in use, only 1 Transaction Log is used to record the expenditure incurred on all 3 cards. This report recommends that a separate Transaction Log be maintained for each purchase card held. Also, 1 of the cards was used

to pay for a staff function totalling £220.30. Although it is accepted that staff contributions had paid for the event and no costs were incurred by the School Budget, alternative arrangements should be sought in future.

Unreceipted expenditure totalling £764.60 was identified during the sample period examined and 3 occasions noted where appropriate VAT receipts had not been obtained even though VAT had been reclaimed.

Banking

Bank statements are received regularly and demonstrate evidence of a reconciliation being undertaken. However, the bank reconciliation process is solely undertaken by the Finance Manager, who is also responsible for the recording and banking of income, and raising invoices for monies due to the School. This report recommends that a review of the responsibilities of staff currently employed within the School Office be undertaken to ensure that an adequate segregation of duties exists within the income system.

Implementing the recommendations contained within this report will improve the current levels of control.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 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 4 vacancies, (1 LEA Governor and 3 Community Governors).	The school should endeavour to fill the Governor vacancies as soon as possible.	Implemented
5.1.2 Medium	Audit testing identified that the School does not have a rolling programme whereby policies are reviewed and presented to the Governing Body for ratification.	The Headteacher and Governing Body should ensure that they implement a rolling programme of review of all School policies. This will ensure that all policies are up to date and reflect the current practices at the School. Following the rolling programme of review, policies should be presented to the Governing Body for review and ratification	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		(and this should be minuted). Details of review should be captured on the document covers i.e. date reviewed, date to be reviewed, signed and dated etc.	
5.2.1 Medium	The School Safeguarding Policy was last reviewed by the Governing Body in February 2017. Although there is provision on the front cover for the policy to be signed by the designated members of staff and Governors with Child Protection responsibility, there was no signed copy held at the School. Furthermore, the latest version of the Cwm Taf Child Safeguarding Policy that was provided to all Schools during June 2017 has not been received at the School.	A copy of the most recent Child Protection Policy issued by the Cwm Taf Safeguarding Children Board (CTSCB) should be obtained. The mandatory policy should be formally adopted by the School and its Governing Body, and should be signed and dated by each designated member of staff and Governor.	Implemented
5.2.2 Medium	Point 3.1 of the (CTSCB) Model Safeguarding Policy (that should be adopted by schools) states: <i>'The Designated Senior Person (DSP) for Child Protection will...Ensure that all staff have signed to say that they have received, read and understood the Child Safeguarding Policy.'</i> Audit testing identified that 7 casual members of staff have not signed to confirm that they had received, read and understood the Child Protection Policy.	Subject to implementation of recommendation 5.2.1, the Designated Senior Person should ensure that all members of staff sign to demonstrate that they have received, read and understood the most recent Child Protection Policy.	Implemented
5.2.3 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:	As a minimum requirement all 18 staff identified should receive level 1 refresher training as soon as possible.	30 June 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p><i>'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'.</i></p> <p>Although it was established that Level 1 refresher training was provided to the whole school on 4th September 2017, the School were unable to demonstrate that 18 members of staff have received formal training. This includes support staff and casual members of staff.</p>	<p>A formal training record should be put in place at the School and updated as and when training is delivered / received. This will allow any gaps / refresher training needed to be identified and subsequently arranged.</p>	
<p>5.2.5 Medium</p>	<p>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'.</p> <p>Examination of a sample of five visits recorded on Evolve identified the following : -</p> <ul style="list-style-type: none"> • PGL 23.7.17 - Although the trip details were updated onto EVOLVE within the correct timescales, it was not authorised by the Headteacher until 3.7.17 – as a result, local authority approval was not obtained until 3.7.17. • Tresaith 17.3.17 – The EVOLVE form was not created until 10.3.17 and was not authorised until 16.3.17. • Llangrannog 20.9.17 – The trip was not created on EVOLVE until 12.9.17 and was not authorised until 13.9.17. • Iceland – 29.10.17 - EVOLVE form created on 20.9.17 (within the correct timescale) but was not authorised until 2.10.17 by the EVC and Headteacher and then 3.10.17 by the Outdoor Education Advisor. 	<p>Care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct timescales and are correctly classified in order for the Outdoor Education Advisor to give the necessary assurance that the provider and trip arrangements are appropriate.</p>	<p>Implemented</p>

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	The one remaining trip examined (Washington & New York) was found to be entered onto EVOLVE and authorised in accordance with the recommended procedures.		
5.3.1 Medium	Currently, all School Budget income and all School Private Fund income is recorded on the same Record of Daily Income Sheet.	<p>Separate Record of Daily Income forms should be maintained for the School Private Fund and the School Budget Account.</p> <p>These forms should be completed as and when any income is received and (where applicable) supported by the signatures of the two persons involved.</p> <p>When income is subsequently deposited with the bank, the amounts should be totalled and ruled off.</p>	Implemented
5.3.2 High	One of the Cheque signatories for the School Private Fund is also a Fund Auditor.	The School should seek to amend the panel of signatories for the School Private Fund or alternatively identify another member of staff to perform the role of auditor.	Implemented
5.3.3 High	<p>The entries in respect of School Private Fund income / expenditure should allow for prompt reconciliation within each financial period.</p> <p>Whilst a Ledger in the form of an Excel spreadsheet has been introduced at the School and is in the correct format as included within the School Private Fund Regulations, Internal Audit were unable to reconcile the income entries on the ledger against the Record of Daily</p>	<p>Management should change its current working practices as assurance cannot be provided that the system in place is sufficiently robust.</p> <p>Only 1 member of staff should be completing the Record of Daily Income and the ledger</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Income Sheets. This was due to the current system in place allowing more than 1 member of the office staff to complete separate Record of Daily income Sheets.</p> <p>Significant variances were noted between the income recorded on the RODI's and the income recorded on the ledger, and as there is also no record of the hand-over process the records are not an accurate reflection of all income received:</p> <ul style="list-style-type: none"> • Record of Daily Income: £6579.00 • Ledger Income: £20270.32 	<p>should be updated using the information which has been recorded (see also report ref. 5.3.1) on a regular basis (weekly) summarising the income received and expenditure incurred each week. The Treasurer can then use this information to ensure that the cash in hand corresponds to the ledger and the Record of Daily income Sheet.</p> <p>Furthermore, the School should also establish a standard trip procedure, with a suite of pro-formas to be used when organising and administering a trip. As part of this, care should be taken to ensure that the entries on the Record of Daily Income, the Ledger and subsequent banking slip are correct and correspond.</p>	
5.3.4 Medium	<p>On the whole, School Private Fund income is banked regularly.</p> <p>However, one occasion was noted whereby a deposit of £11,890.00 was made on the 29.6.17 for income collected between 11th May 2017 and 29th June 2017.</p> <p>Discussions at the School established that this was during the examination period, whereby the Office Manager was involved in undertaking responsibilities associated with the examinations.</p>	<p>All income received should be banked in accordance with the School Private Fund Regulations which at present require that all money is banked weekly where £50.00 or more is collected, or immediately where the amount in hand reaches £200.00.</p> <p>As the School are currently in receipt of a secure collection service 3 times per week, no further banking delays should occur.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.3.5 High	<p>The arrangements in respect of the collection and recording of School Private Fund income is currently the responsibility of the Finance Manager or the Clerical Assistant.</p> <p>Both members of staff record all income received on an Income Sheet before passing the income over to the Treasurer (Office Manager) for update onto the Ledger and deposit with the bank.</p> <p>A separate spreadsheet for payments collected in respect of trips is also maintained.</p> <p>A sample of 3 trips was chosen for examination, anomalies were noted in each, and no explanation for the anomalies could be given:</p> <ul style="list-style-type: none"> • Barcelona • Iceland • Krakow 	<p>Only one member of staff should be collecting payments in respect of the School Private Fund.</p> <p>The Trip organiser / Fund Treasurer should either keep a running balance in respect of each pupil or if responsibility for monitoring balances is to remain with the Fund Treasurer, then a regular summary of income received should be provided by the Treasurer to the Trip Organiser for retention.</p> <p>In respect of the discrepancies identified in two of the three trips examined, Management must review the trip records to establish the reason for the discrepancies and the remedial action to be taken.</p>	Implemented
5.3.6 High	<p>Whilst receipts and invoices were present to support each cheque issued in relation to the 3 trips examined, testing identified the following in respect of the cash floats taken on 2 of the trips:</p> <p>Barcelona £401.46 was exchanged into Euros, yet receipts for only €123.40 was produced.</p> <p>The Trip organiser stated that the remainder €278.60 was divided between each pupil towards food, (approx €5 each). No record of expenditure without receipts form was completed to verify this.</p>	<p>All items of expenditure should be supported by a receipt or invoice.</p> <p>In the event that a receipt cannot be obtained, a PF2 (Record of expenditure made without receipt) should be used and signed by 2 members of staff to confirm that the expenditure is appropriate and in line with the School Private Fund Regulations. A recommended format for this record is included at Appendix 8 in the School Private</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Iceland £1481.34 was exchanged into 188,000 kroner and although evidence was produced for all expenditure on the trip, 61,500 kroner was unspent and brought back to school – this equated to £472.83 on conversion back into sterling for distribution to the children who attended the trip.</p>	<p>Fund Regulations.</p> <p>In respect of cash being given to pupils, this should be recorded on a record of expenditure without receipts form, and the transfer of cash should be supported by the signatures from the member of staff and the pupil to confirm the amounts involved.</p> <p>The £16.88 refunds due to the pupils who attended the Iceland trip should be given as soon as possible.</p>	
<p>5.4.1 High</p>	<p>Examination of a sample of non-order payments identified that payments are being made to a music tutor. No HMRC IR35 questionnaire was completed prior to appointing this individual.</p>	<p>Before a school engages with an entity for the provision of services, the HMRC IR35 employment status check should be undertaken for all individuals using the HMRC online tool.</p> <p>This should be undertaken for the music tutor immediately, with evidence of the check retained at the School.</p>	<p>Implemented</p>
<p>5.4.2 High</p>	<p>All cancelled cheques are retained at the School and were provided to Internal Audit for examination. Of the cancelled cheques examined, inconsistencies were noted in that they are not typically endorsed as expected i.e. crossed and marked as cancelled stating the reason for cancellation or reference being made to any replacement cheque being issued:</p>	<p>All cancelled cheques should be clearly marked as 'Cancelled' stating the reason for the cancellation and making reference to any replacement cheque being issued (where this is the case).</p>	<p>Implemented</p>

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	Of the 26 cancelled cheques examined only 2 cheques stated the reason for the cancellation (213212 & 212572) and of significance is that only 3 cheques had been appropriately marked as cancelled (213090, 213091 & 213212). Therefore, the remainder could still be presented at the bank.		
5.4.3 Low	Examination of a sample of 4 cancelled orders identified that whilst they have been marked as 'Cancelled' no explanation/reason for the orders being cancelled had been recorded on 3 of the 4 orders.	All cancelled orders should clearly state the reason for the cancellation. On occasions where a replacement order is issued it should be cross referenced to the original order.	Implemented
5.4.4 Medium	Testing of a sample of 10 non orders identified that 4 payments were made whereby a prior request would have been made and the commitment to expenditure known. <ul style="list-style-type: none"> • 12.5.17 - £1700 - Various Buses between 27.2.17 - 30.3.17 • 9.6.17 - £195.00 - Piano tuning • 14.9.17 – £1635.00 - building work at School • 19.7.17 – 495.00 - workshop with children 	The Non Order Payment facility should only be used for processing payments such as utility bills, maintenance contracts etc. For the ordering of all other goods and services, an official order should be used on all occasions.	Implemented
5.5.1 Medium	Section 1.1 of the Cardholder Manual for School document issued by the Procurement Service states that: <i>'The Cardholder must maintain a log of all transactions, for reconciliation with the online Barclaycard system provided by the bank'.</i> There are three purchase cards in use at the School: one held by the	Separate Transaction Logs should be maintained for each Purchase Card held at the School and details of all purchases made should be promptly updated onto the Logs by the card holders as and when they occur.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Finance Manager, one held by the Office Manager and one held by the Clerical Assistant.</p> <p>However, there is only one Transaction Log in place which is updated by the Clerical Assistant as and when a purchase is made using any of the cards.</p>		
5.5.2 Low	In addition to the three purchase cards used at the School, there are a further two purchase cards which have not been used since July 2016.	The School should cancel the 2 purchase cards not in use to alleviate any risks associated with holding the cards unnecessarily.	Implemented
5.5.4 High	<p>Examination of the Purchase Card expenditure identified a payment of £220.30 being made on the 11th July 2017 to 'No sign Wine Bar' in respect of a staff function.</p> <p>NB. It is accepted that income received on the 19th July 2017 was in respect of staff contributions to the event so that no costs were incurred by the School Budget.</p>	<p>Under no circumstances should the School Purchase Card be used to process staff social events.</p> <p>Alternative arrangements should be sought for processing such transactions in future.</p>	Implemented
5.5.5 Low	The Purchase Card bank statements are reconciled to the transaction log monthly and whilst the bank statements demonstrate evidence of being reconciled (i.e. transactions ticked as checked and the statements signed and dated), there is no evidence on the transaction log of a reconciliation to the bank statements.	Once the Transaction Log has been reconciled to the bank statements, in addition to the bank statements, the Transaction Log should be signed and dated by the person undertaking the reconciliation.	Implemented
5.6.1	At the time of the fieldwork for this review, the School Bursar was responsible for:	The Headteacher should ensure that an appropriate segregation of duties is put in place in respect of raising invoices, updating	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
High	<ul style="list-style-type: none"> • Raising all invoices • Updating income onto SIMS • Undertaking the bank reconciliation. <p>The current arrangements do not demonstrate an appropriate segregation of duties.</p>	SIMS and undertaking any subsequent bank reconciliation process.	

AUDIT NAME: YSGOL GYFUN GARTH OLWG FOLLOW UP

DATE FINAL REPORT WAS ISSUED: 15/05/2018

INTRODUCTION

Ysgol Gyfun Garth Olwg was last subject to a routine Internal Audit during July 2017.

While the overall control environment in respect of the School's financial and governance arrangements was considered to be 'effective with opportunity for improvement', there had been significant changes within the Finance Office including the retirement of the School Bursar and the report contained recommendations in respect of the financial management at the School (linked to the cessation of the PFI arrangement).

Following receipt of the final report, during November 2017, and following the presentation of the final report to Audit Committee, a follow-up review was requested by the Headteacher and Audit Committee, 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.
- The Headteacher has confirmed that this report is to be presented to the 5th July 2018 Governing Body meeting.

SCOPE & OBJECTIVES

Having given sufficient time for Management to implement the previous recommendations, the objective of this review was to:

- Establish the status of all recommendations raised within the previous report.

AUDIT OPINION

This follow up review concludes that the overall control environment in relation to the School's financial and governance arrangements continues to be effective with opportunity for improvement. In particular, the improvements in respect of the financial procedures having been updated and complied with are acknowledged.

Governance

The roles and responsibilities of the Governing Body and its Sub-Committees have been set out in writing and all Governing Body minutes are being signed by the Chair of Governors.

The Headteacher now has a delegated financial spending limit and whilst all statutory policies and documents are in place, there are 4 remaining policies / documents that have not had a recent review and been formally ratified by the Governing Body.

Safeguarding

A Register is now in place to record any safeguarding training received by staff and it is acknowledged that all staff have received an update on Level 1 safeguarding training since September 2017. However, audit testing has established that level 3 training certificates for 3 members of staff have now expired and this report recommends that the 3 members of staff identified undertake Level 3 training as soon as possible.

The School use the EVOLVE system to record details of residential / adventurous trips. However, staff should be reminded of the need to ensure that all trips/activities are entered onto EVOLVE within the correct timescales, as this had not been done for 1 of the 4 trips examined.

School Income

The Booking form and Charging Policy for all School hires has been reviewed and updated. The School Facilities Manager has been delegated responsibility to authorise all School lettings and invoices for payment have been raised correctly on SIMS. Notwithstanding this, for all other income due to the School the invoicing facility within SIMS is not being used; this report recommends that the SIMS invoicing facility be introduced for the collection of all other income due to the School to alleviate the need for manual invoices to be produced. In terms of income received at the School, all income was banked weekly and no delays were noted in the update onto SIMS.

School Private Fund

There has been a vast improvement in the administration and record keeping in respect of the School Private Fund. Although evidence was available to support all fund income and expenditure, it was noted that the School Private Fund is being used to process transactions in respect of the Tennis Academy, for which the School receives grant money. This type of activity falls outside the scope of the School Private Fund and therefore would be more appropriately processed through the School Budget Account.

Purchase Card

There are 4 Purchase Cards in place at the School, 1 of which is not being used, and should be cancelled with immediate effect. For the 3 cards in use, there is a sufficient audit trail in respect of evidence being available that supports the expenditure via each card; however, there are still items of expenditure being incurred which are considered to be unnecessary / inappropriate.

Furthermore, where a member of staff requires the use of a card, the card sharing log is not always completed in the recommended format.

Purchasing

The School Purchasing system requires further improvement. From a sample of 10 paid orders, only 1 order had been raised in the correct manner indicating that the intended systems are not being used.

The Headteacher should consider increasing the use of the Purchase Cards held by the School which is a more efficient use of staff time.

Budgetary Control

Cost Centre Transaction Reports are now routinely issued to Budget Holders in order for departmental budget monitoring to be undertaken effectively. Implementation of the recommendations contained within this report will further enhance the current levels of control.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Low	All Statutory Policies are in place at the school However, the following policies / documents do not appear to have been reviewed by the Governing body:	The policies identified should be reviewed and presented to the Governing Body for ratification. This should be minuted and details of the	31 July 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<ul style="list-style-type: none"> Assessment arrangements (last reviewed Dec 2012) School Prospectus Accessibility Plan Careers Education Transition Plan 	review captured on the document covers. i.e. the date reviewed, date to be reviewed and be signed and dated etc.	
5.2.1 Medium	<p>Following the previous review, all staff at the School received an update on Level 1 Safeguarding and a central record of training has been created to demonstrate the date of attainment for all members of staff.</p> <p>However, audit testing established that Level 3 Training Certificates for 3 members of staff have now expired.</p>	<p>The School is reminded that safeguarding training for all staff should be renewed timely i.e. every 3 years for Level 1 and every 2 years for Level 3.</p> <p>The newly introduced central training record will allow the school to identify any gaps in training or out of date training going forward.</p> <p>In respect of the 3 members of staff identified, Level 3 training should be undertaken as soon as possible.</p>	Implemented
5.2.2 Low	<p>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'.</p> <p>From a sample of 4 school trips examined, 1 had not been entered onto EVOLVE and authorised in accordance with the recommended procedures.</p> <p>Storey Arms 29.11.17 Not submitted to the EVC until 9.11.17 and as such could not be</p>	Care should be taken to ensure that all trips / activities are entered onto EVOLVE within the correct timescales and are correctly classified in order for the Strategic Lead Outdoor Learning to give the necessary assurance that the provider and trip arrangements are appropriate.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	authorised by the Strategic Lead Outdoor Learning until 9.11.17		
5.3.1 Medium	The Facilities Manager raises Debtor invoices using SIMS for the income due to the School in respect of School facilities hire. However, the School are not using the SIMS invoicing facility when issuing requests for any other income due.	The invoicing facility within SIMS should also be used for the collection of all other income due to the School. This will alleviate the need for manual invoices to be produced and allow income received to be directly matched to the respective invoice. All invoices (including the copy retained at the School) should be authorised by the Headteacher.	Implemented
5.4.1 Low	The School Private Fund is being used to process transactions in respect of the Tennis Academy, for which the School receives grant income.	This activity falls outside the scope of the Fund and would be more appropriately administered from the School Budget Account. Arrangements should be made to transfer any Tennis Academy funds from the School Private Fund to the School Budget Account as soon as possible and all future transactions processed via the School Budget Account.	Implemented
5.4.2 Low	A central record of daily income is now maintained which can be reconciled to the income recorded on the Ledger. The records relating to the Year 7 Boulogne trip were examined. It	An extra column should be added to the current trip income record to allow for the date of receipt to be recorded.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	was noted that while the trip records show the pupils name, amounts paid in instalments, total balance and amount outstanding, the dates of receipt are currently not recorded.		
5.5.1 Low	In addition to the three purchase cards used at the School, there is a further purchase card registered to the Finance Officer, who assumed the card had expired.	The School should contact the Purchase Card Administrator and request that the unused card be cancelled immediately. This will alleviate any risks associated with holding the card unnecessarily.	Implemented
5.5.2 Low	Although a log is maintained each time the Purchase Card is shared with other members of staff, it is not being maintained in the recommended format (as included within the notes of guidance for purchase card holders). Currently the log in use does not always include the times the card is returned.	On occasions where a member of staff requires the use of the card, care should be taken to ensure that the formal signing in / out record includes the times the card is taken and returned together with the signature of the member of staff.	Implemented
5.5.3 Medium	A review of the Purchase Card expenditure for the current academic year identified the following items of expenditure that are not in line with the Purchase Card Notes of Guidance: <ul style="list-style-type: none"> • 11.09.17 - Flowers for a member of staff who had a baby - £14.99 • 12.10.17 - Flowers for a Governor whose spouse had passed away - £11.00 • 24.11.17 - 5 x £10 vouchers - £50.00 • 06.12.17 - Gift voucher for a member of staff who is leaving - £25 	Alternative arrangements should be sought for processing this type of expenditure in future.	31 July 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	Note - It is accepted that sufficient income will be transferred from the staff fund currently held within the School Private Fund to cover the cost of the expenditure; hence no costs will be borne by the School Budget Account. Notwithstanding this, the use of the Purchase Card in this way is still considered to be inappropriate.		
5.6.1 Medium	<p>The School Finance Policy is still in the process of being updated to reflect the roles and responsibilities of all staff involved in the financial arrangements of the School.</p> <p>It is accepted that updates to the Policy have been made and the document was presented to the Governing Body during February, at which time it was agreed by Governors that more detail was required in terms of the new payment by BACS initiative and the online payment facility.</p>	<p>The Finance Policy should be enhanced to define system processes and the individual staff responsibilities within them across all areas of the School's financial administration.</p> <p>Once completed, the procedures should be presented to the Governing Body for approval and issued to all appropriate members of staff.</p> <p>NB: Any revision to the Policy should take into account recommendations raised elsewhere in this report.</p>	31 July 2018
5.6.2 High	A sample of 10 paid orders were selected from SIMS for examination. Of the 10, only 1 order had been raised in the correct manner, i.e. 9 orders had been raised in retrospect.	<p>Where possible the School should use the purchase card for the purchase of goods and payment of services.</p> <p>On occasions where it is not possible to use the Purchase Card, an official order should be raised on SIMS for all committed expenditure. This should be done as soon as the commitment to expenditure is known.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
		This will ensure that the budgetary information on SIMS is as accurate as possible, has been authorised in the correct manner and there is a hard copy of the items ordered at the school which can be used to check against the subsequent delivery of goods and relevant invoice.	
5.6.3 Low	From a sample of 10 cheque payments reviewed it was noted that although a cheque authorisation slip was present for each payment, 3 had not been signed / initialled by any of the cheque signatories to demonstrate that the payment was correct before being issued.	Cheque authorisation slips should be signed by at least one of the cheque signatories to confirm that the details agree to the actual cheque payment.	Implemented

CHIEF EXECUTIVE

AUDIT NAME: WELSH CHURCH ACT FUND

DATE FINAL REPORT WAS ISSUED: 15/05/2018

INTRODUCTION

The overall responsibility for managing the Welsh Church Act Fund lies with the Enterprise Team within the Regeneration & Planning Service (of the Chief Executive's Division), although the responsibility for managing the investments for the fund lies with the Treasury Management Team (within Corporate & Frontline Services).

The Welsh Church Act Fund provides grant assistance to organisations that have charitable or alms-giving purposes for capital expenditure only. The Grant can cover costs including repair and refurbishment to buildings, works to comply with the Equality Act, small items of equipment and other purposes which would benefit the community.

The Trust Fund is administered by Rhondda Cynon Taf County Borough Council on behalf of the borough and those of the Bridgend and Merthyr Tydfil areas. A revised guidance criteria was agreed and implemented for grants issued from the financial year 2016/2017 onwards. Applications to the fund are accepted throughout the year, with grants issued subject to meeting the award criteria.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for the financial year 2017/2018 as agreed by Audit Committee, a review of the key controls within the system was undertaken. Audit testing was carried out on a sample of grants awarded to establish whether the process for awarding grants from the fund is operating effectively.

The primary purpose of the audit review was to provide management with an opinion on the adequacy and effectiveness of the internal control system.

The objectives of the review were to ensure that;

- The process for awarding grants is appropriate and effective; and
- Individual grant awards are supported by an appropriate file of evidence.

AUDIT OPINION

The overall control environment in relation to the Welsh Church Act Fund is considered to be effective with opportunity for improvement.

The approval process was reviewed and found to be appropriate. All grant applications deemed eligible are forwarded to the Funding & Implementation Manager, Director of Regeneration and Cabinet Member for Enterprise Development & Housing for approval. Testing of the 7 grants identified that they were all approved appropriately with no conflict of interests identified. Discussion with the Team Manager (Enterprise) established that where there have been conflicts of interest, these have been declared and the individual 'removed' from the process.

The Service has developed Guidance Notes for applicants, which staff follow to assess an applicant's eligibility. Testing has identified that, overall, these Guidance Notes are being followed, but they are required to be updated to take into account changes implemented by Management since they were

developed. The Service did not have an up-to-date in-house procedure document.

A small number of instances where the Guidance Notes had not been followed were identified and Management has agreed to address this by speaking to staff in order to remind them of the required processes. Examples included:

- Testing identified that checklists were not completed in full and/or consistently.
- Evidence for one grant was received by email to confirm that no financial accounts had been produced for the organisation instead of a signed statement as per the guidance.
- One instance where payment had been made against an invoice which did not detail the nature of the goods/services provided.
- The Assessment Scoring Form had not been completed in full for 2 of the grants

By implementing the associated recommendations contained within this report, management will enhance further the standard of control.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Medium	<p>For both significant and standard projects, there are written guidance documents in place for applicants. However, the guidance documents are not dated (referred to as 'version 1' only). Discussion with the Team Leader (Enterprise) established that for applicants submitting an application prior to 1st April 2016 the application was processed under the old guidance, even if the funding was in 2016/2017. (This was not clear from the guidance however.).</p> <p>Moreover, the guidance issued states what is required from applicants but there is no current in-house procedure document detailing how applications are to be processed</p>	<p>Management should ensure that all guidance documents are dated so that it is clear when changes have been implemented.</p> <p>Management should create an in-house procedure document to ensure that current processes are documented.</p>	30 June 2018
5.1.2 Medium	<p>The Guidance Notes (both Significant and Standard) state that: <i>'Applications are invited from Churches, Chapels and Places of Public Worship, properly constituted Community Organisations and Charities who are able to evidence a bank account set up in the organisation's name at the address specified on the application form, and have at least three unrelated members on your governing body or Board of Directors;'</i></p>	<p>Management should revise the Application Form to include a statement (with a tick box) stating that if the condition is not met around having at least three unrelated members, this does not necessarily preclude a grant award.</p>	30 June 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Discussion with the Team Leader (Enterprise) established that unless it is specified in the constitution of the organisation, it was not possible to identify if the organisations applying met this criteria. Moreover, the requirement is deemed 'good practice' rather than mandatory. It was identified during testing that the application form contains a disclaimer <i>'I can confirm that to the best of my knowledge and belief, all answers on this application form are true and accurate'</i>. However, the application form does not require the applicant to declare whether they have at least three unrelated members.</p>		
<p>5.1.3 Medium</p>	<p>The Guidance Notes (Significant and Standard) state that: <i>'Applications are invited from Churches, Chapels and Places of Public Worship, properly constituted Community Organisations and Charities who are able to evidence a bank account set up in the organisations name at the address specified on the application form'</i></p> <p>Testing established that for the smaller organisations the bank account address and organisation address may not always be the same, particularly if the organisation does not have a permanent location.</p> <p>For grant number XX63, the bank account address, constitution address and bank account address were all different and although evidence of challenge was identified, there was no file note to detail the rationale to support the decision to allow. For grant number XX62 the organisation's bank account address and location address also differed.</p> <p>Discussion with the Team Leader (Enterprise) established that this</p>	<p>Management should ensure that the checks/evidence required corresponds to that stipulated in the Guidance Note.</p> <p>If exceptions to the guidance are allowed in some circumstances, Management should ensure that the circumstances where flexibility to the guidance criteria can be applied should be documented in an in-house protocol and that the rationale for any exception is documented on the grant file/database.</p>	<p>30 June 2018</p>

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>criterion is not always enforced. Testing also established that a bank statement is not requested unless the organisation is required to demonstrate evidence of match funding, instead, the applicant is only required to state the name, sort code and bank account number of the organisation's account (not the bank account address.)</p>		
5.1.4 Low	<p>For all 7 successful grant applications sampled, an Assessment of Scoring Form was found on the individual grant file. All 7 were signed by the officer completing the assessment. However, for grant numbers 2168 and 2254 the 'identified need' section of the proforma had not been completed.</p>	<p>Management should remind officers that the Assessment of Scoring Form should be completed in full.</p>	Implemented
5.1.5 Medium	<p>The Guidance Notes (Standard) state that: <i>'Applications for building works may be subject to a Quantity Surveyor's report as part of the assessment process. Payments will only be made following the Quantity Surveyor's final assessment of reasonable market value of works undertaken and may be less than the Contractor's valuation. Whilst the Guidance Notes (Significant) state that 'If your project involves building works, we may ask our Surveyor to review your application to determine if your costs represent best value for money'</i></p> <p>For grant number XX85 an Initial Inspection Report was not requested due to time constraints; however, there was no file note documenting this.</p> <p>For grant number XX68, the incorrect company had been recorded as providing the lowest estimate. The error had been identified by the Grants Team officers, but subsequent correction had not been received from the surveyor.</p>	<p>Where a decision is made not to obtain an inspection report (i.e. no initial report due to time constraints.), the rationale for this decision should be recorded for clarity.</p> <p>Management should continue to challenge/report any further instances of reports not received and/or inaccurate wording. Wherever possible, the in-house surveyor should be chased-up to provide corrections.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>For grant number XX85, the final inspection report contained some inaccuracies, which again were identified and challenged by the Enterprise Support Officer.</p> <p>Discussion with the Team Leader (Enterprise) confirmed that this was an ongoing issue and a meeting had been held recently to raise the issues and identify the information required by both parties going forward.</p>		
5.1.6 Medium	Testing established that payments were supported by original and timely invoices. There was however one exception i.e. for grant number XX54, an invoice was paid for £1,900.00 which did not detail the nature of the goods or services (although the amount and company corresponded with the original quotation).	Management should remind staff that invoices should be checked for completeness and payment only released if the invoices meet the required standard.	Implemented
5.1.7 Medium	The Grant Offer Letter states that work must be commenced within 3 months and requests that the section is informed of any delay. However, no formal check is undertaken to ensure that work has started within this timeframe.	Management should ensure that the terms of the Grant Letter are enforced, either by ensuring that a site visit is carried out and evidence that work has commenced is obtained or if the 3 month commencement date is not required to be adhered to rigidly then this should be removed from the Grant Offer Letter.	Implemented
5.1.8 Medium	<p>Projects are currently required to be undertaken within 9 months for a significant project and 6 months for a standard project. However, the 'significant project' guidance differs from the requirement stipulated on the application form and is documented erroneously as 6 months.</p> <p>Of the 7 projects selected, overruns were identified on 3 projects.</p>	<p>Project completion timescales should be reviewed for appropriateness.</p> <p>The Significant Guidance Note should be updated to reflect the correct project timescale.</p>	30 June 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	Discussion with the Team Leader (Enterprise) established that there is no consistent documented protocol for chasing-up / approving extensions of time and the current timescales may not be feasible. The 3 overruns identified were chased up but not at consistent and agreed intervals.	Management should establish a formal protocol for dealing with extensions of times and apply this consistently across all projects. The subsequent rationale for the extension should also be documented along with the corresponding approval or refusal.	
5.2.1 Low	Testing identified that file checklists were not completed in full, as fields were left blank. Moreover, some fields where information was not required were crossed through and some recorded as not-applicable.	Staff should be reminded to complete checklists in full and have a consistent method of recording where the field is not-applicable i.e. either n/a or crossed through.	Implemented
5.2.2 Medium	<p>The Application Form (both standard and significant) state that: <i>'A signed copy of the latest audited annual accounts or an endorsed financial statement is required.....For organisations that are not required to produce a set of formal accounts, they must provide an endorsed financial statement. Organisations that have been recently set up and have not yet had any accounts produced, need to provide a written explanation signed by a Trustee and a bank statement in the name and address of the organisation'.</i></p> <p>For grant number XX63, an email was evidenced from one of the Trustees stating that no accounts have been produced yet; however, there was no signed statement in line with the requirements of the application form.</p> <p>For grant numbers XX 54, a set of accounts was evidenced but it had not been signed as audited.</p>	Management should ensure that the requirements stated on the application form reflect the evidence that is required to be obtained.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.2.3 Medium	<p>The Application Form (both significant and standard) state that: <i>'Please enclose a signed and dated copy of the lease as supporting evidence with your application regardless of whether you wish to apply for physical building work or purchase of capital items. Please contact us if you do not have a lease with a minimum of 6 years remaining. Your application will be returned if you cannot evidence this requirement.'</i></p> <p>For grant number XX54, a lease was evidenced of 5 years remaining and the checklist details that this is acceptable in this scenario. There was however no in-house protocol in place detailing the circumstances in which exceptions to the guidance would be accepted.</p>	<p>As per recommendation 5.1.1, if exceptions to the guidance are allowed in some circumstances, Management should ensure that the circumstances where flexibility to the guidance criteria can be applied should be documented in an in-house protocol.</p>	30 June 2018
5.2.4 Medium	<p>For grant number XX63, one of the conditions of the grant was that the item be stored in a locked cupboard. An entry on the database was evidenced to demonstrate that this was discussed with the applicant and that they confirmed that secure storage was in place; however, photographic evidence of this was not requested. It was also identified that there is no field on the checklist to document that all conditions have been met.</p>	<p>Management should remind staff that where appropriate, photographic evidence that conditions have been met should be obtained.</p> <p>Consideration should also be given to updating the checklist with a field to complete when all conditions have been met.</p>	30 June 2018

COMMUNITY & CHILDREN'S SERVICES

AUDIT NAME: SINGLE POINT OF ACCESS

DATE FINAL REPORT WAS ISSUED: 22/05/2018

INTRODUCTION

The overall responsibility for managing the Single Point of Access for housing-relating support lies with the Supporting People Team within the Public Health and Protection Division in Community and Children's Services.

The Single Point of Access is a gateway frontline support service which links individuals to housing support providers that provide essential help with managing a tenancy, dealing with other agencies and budgeting etc., which are integral parts of living independently. Temporary/permanent supported housing is also provided to prevent homelessness (excluding hostels/domestic violence refuges which are managed by the Housing Solutions Team and Woman's Aid respectively).

The processes now in place have been subject to significant change since the previous Supporting People Audit in 2013.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for the financial year 2017/2018 a review of the key controls within the system was undertaken. Audit testing was carried out on the referral process into the Single Point of Access to establish whether the process was operating effectively.

The specific objectives of the review were to ensure that:

- The referral process is operating appropriately and effectively (via a walk-through of the system);
- The Panel Approval Process is operating appropriately and effectively for the piloted scheme (with a view to rolling out to other projects); and
- Contract Monitoring is undertaken appropriately and effectively.

AUDIT OPINION

The overall control environment in relation to areas reviewed within the Single Point of Access is considered to be effective with opportunity for improvement. The processes in place have been subject to redesign and improvement since the previous audit review.

REFERRAL PROCESS

The processes and procedures for dealing with referrals were reviewed and a sample of 10 referrals selected to ensure that the process is operating appropriately and effectively.

The referrals are now recorded in a bespoke database and the process has been revised to ensure ease and accuracy of identifying need and that placements are awarded appropriately and on a timely basis.

This review identified that whilst the process for identifying those at the top of the waiting list was found to be appropriate, the waiting list was not saved at the specific point in time and as a result it may not always be easy to evidence, after the event, who was at the top of the waiting list at the time the placement was awarded.

Testing also identified 3 of the 8 referrals requiring an evaluation were not completed and 1 referral date was found to be incorrect by one day.

PANEL APPROVED PROCESS

Whereas for other provider placements, the placement is awarded to the individual who has been on the waiting list the longest, for St Martin's Close, a panel review process has been piloted whereby the suitability of individuals on the waiting list is assessed to ensure that the needs of the applicants and current residents is met.

This process is to be rolled out to other provider placements going forward. The panel consists of representatives from the provider, current placement provider if applicable, Housing Solutions and Supporting People Team.

The process was reviewed and found to be undertaken appropriately with the rationale for decisions documented and details of the decision-makers and outcome recorded. The meetings were held timely and clients housed promptly.

CONTRACT MONITORING

A review of contract monitoring processes and procedures was undertaken and reports evidenced. Monitoring is undertaken quarterly, six monthly and annually and is being refined, at present. Although reporting mechanisms were found to be robust, further consideration could be given to reviewing the format of reports to ensure that fields and format are consistent. It was also identified that void performance could be broken down into time taken to notify the Supporting Team and the subsequent time taken to fill the void.

By implementing the associated recommendations contained within this report, Management will enhance further the standard of control.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 Low	Referrals are recorded on a bespoke spreadsheet formatted database. A sample of 10 referrals from 2017 was selected. For one referral the date received was 19 th April 2017 but was recorded incorrectly as 20 th April 2017. The referral was still forwarded within the requisite 7 days.	Management should correct the 'date received' in the database to reflect the actual referral date. Care should be taken to ensure that all data is input correctly at the referral stage.	Implemented
5.1.2 Medium	It was identified during the review that the database is filtered to see who is waiting for that provider, at the point of time that the vacancy has become available. It was, however, not easy to evidence who was on the waiting list, as the data is not captured at a point in time. It was identified during the review that it was possible to sort the database via date received, however, if placements are delayed due to risk or non-acceptance, then the trail may not be clear.	Management should assess whether it is feasible to capture the waiting list at a point in time and retain this electronically, as evidence of who was on the list at the time a vacancy became available.	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.3 Medium	<p>Provider evaluations are required to be completed to identify whether the service/placement achieved partially or in full the needs of the service user. 3 of the 8 placements requiring an evaluation did not have one completed.</p> <p>It was established during the review that exit surveys and client consultation are also undertaken on a sample basis to better understand the effectiveness of the support services.</p>	Management should ensure that evaluations are completed for all placements and returned to the Supporting People Team to collate and monitor overall effectiveness of the services provided.	Implemented
5.1.4 Medium	From a sample of 10 referrals selected, all were completed within the allotted time, with one exception, where a 2-week extension of time had been requested and granted. However, discussion with the Contract Monitoring Officer established that this would still be recorded as being completed within planned ending (i.e. originally allotted time).	Consideration should be given to recording referrals completed within an agreed extended period of time separately from those that finished within the original allotted time.	Implemented
5.2.1 Medium	<p>The panel process for St Martin's Close was reviewed to ensure that it was equitable and there was a clear trail for evidencing the rationale for who was awarded the placement.</p> <p>In all cases, where there was more than one person on the waiting list for the placement, the review process was documented appropriately, the rationale for the decision documented clearly and authorised appropriately. However as per recommendation 5.1.2, it was not easy to evidence who was on the waiting list at the time the panel convened as the data is not captured at a point in time.</p>	As per recommendation 5.1.2 Management should assess whether it is feasible to capture the waiting list at a point in time and retain this electronically, as evidence of who was on the list at the time a vacancy became available.	Implemented
5.3.1 Low	Annual, 6-monthly and 3-monthly monitoring of providers' performance is undertaken to ensure that provider performance is appropriate and effective.	The Monitoring Reports should be populated with all the standard areas to review, mandatory and optional, with scope for additional targeted monitoring. The Contract	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	Although there is a standard monitoring framework for the Contract Monitoring Reviews, a review identified that not all categories are completed for each and it is not clear if any of the fields are mandatory.	Monitoring Officer would then be required to complete the fields, as well as detailing the additional targeted monitoring feedback. Where a section is not reviewed/monitored during that quarter, then the section should still be recorded in the report and 'not reviewed' recorded in the box.	
5.3.2 Low	Within the 3-monthly/6-monthly monitoring reports, actions going forward are identified and recorded, but it is not clear if all previous actions have been implemented.	Consideration should be given to implementing a specific field/box in the reports for previous actions, so that it is clear that all previous recommendations have been checked and implemented.	Implemented
5.3.3 Medium	<p>Within the 3-monthly and 6-monthly monitoring reports, void percentages (percentage of time that the placement is unfilled) are recorded and it is made clear that further voids over 10% may be clawed back but no optimum target has been set for benchmarking i.e. keeping voids below 5% for example. Moreover, there is no indication of whether void percentages have improved / declined as performance in previous periods is not detailed.</p> <p>The Void percentages are also not broken down into time taken for voids to be notified to the Supporting People Team and then the subsequent time taken to fill the void, which would provide more meaningful management information.</p> <p>Discussion with the Contract Monitoring Officer established that the</p>	<p>Consideration should be given to including a target for voids monitoring and also the performance against the target detailed for previous quarters to demonstrate whether performance has improved or not.</p> <p>In addition, consideration should be given to breaking down the void performance statistics into time taken for voids to be notified to the Supporting People Team and the subsequent time taken to fill the void.</p>	Implemented

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	number of days it takes for the provider to report the void is monitored in arrears through the 4 weekly returns, but is not recorded formally for performance monitoring purposes.		
5.3.4 Medium	An element of outcome monitoring is included in the 3-monthly and 6-monthly reports but reporting centres on accuracy of outcomes with those reported rather than an assessment of how effective the support has been.	Consideration should be given to including an analysis of how effective support has been rather than just whether the data that has been provided is accurate.	Implemented
5.3.5 Medium	Annual monitoring reports contain a series of statistical data but it is not always clear how this equates to improving/declining performance in the absence of targets/benchmarking and/or subsequent analysis of the data compared to previous performance.	Management should consider setting defined targets and including a comparison with past performance into the annual report. Consideration should also be given to including analysis/interpretation of the statistical data in order to provide a more meaningful overview of performance.	Implemented

CORPORATE & FRONTLINE SERVICES

AUDIT NAME: TAXATION

DATE FINAL REPORT WAS ISSUED: 04/06/2018

INTRODUCTION

Value Added Tax (VAT) was introduced to the UK in April 1973 and is administered by Her Majesty's Revenues and Customs (HMRC). The Council is VAT registered and, therefore, VAT is a tax chargeable on the value added by this Council for the supply of goods and services.

At present there are 5 VAT rates:-

- Taxable Standard Rate (ST) 20%
- Reduced Rate (SU) 5%
- Zero Rate (ZR) 0%
- Non Taxable Exempt (EX)
- Non Business Outside of Scope (OS)

The circumstances in which these rates apply vary according to the goods or services being supplied.

The Council prepares and submits returns on a monthly basis in order to reclaim VAT. The Capital, Grants & Taxation Team prepare the returns, which are based on reports generated from the Council's finance systems.

In the late 1980's legislation was introduced which gave HMRC greater powers against those who failed to comply with VAT regulations. The result has been that failure to charge VAT appropriately on income or the reclaiming of VAT inappropriately on expenditure now attracts, at least, an interest charge by HMRC; in the case of larger sums a mis-declaration penalty may also be imposed.

Purchasing Cards

In line with the scope and objectives for this review (see below), there are 429 purchase cards in circulation at 245 locations. Purchasing card use has increased significantly from £1.2m in 2010/11 to an average of £2.3m per month in 2017/18.

Taxation/VAT is considered to be a potential high risk area and as such is incorporated into the Audit Plan on an annual basis.

SCOPE & OBJECTIVES

In accordance with the agreed Internal Audit Plan for the Financial Year 2017/2018 a review of Taxation was undertaken specifically focusing on the Council's administration of VAT.

The specific control objectives examined was to ensure that:

- VAT on Purchase Card transactions is being correctly administered;
- VAT is being correctly accounted for on all foreign transactions.

AUDIT OPINION

Overall the control environment specifically relating to the administration of VAT is considered to be effective with opportunity for improvement. It was established that all new purchase card holders receive personal training and they receive a copy of the Purchase Card Manual. There is a designated VAT team based at Bronwydd site who undertake establishment visits to review transactions and offer VAT advice as required. Purchase Cards also form part of the internal audit testing programme at establishment reviews such as schools, homes for the elderly and leisure centres; all findings are included in the audit reports to management.

VAT on Purchase Card Transactions

A sample of purchase card holders were visited to examine their records and the following themes have been identified:

- Purchases are not always correctly accounting for VAT.
- Receipts are not always present to support the purchases made.
- Evidence was not always present to support the supplier having a valid UK VAT registration number.
- Purchases are not always reconciled at the period end and VAT is, therefore, not correctly accounted for by the card holder/authoriser.

Foreign Purchase Card Transactions

If purchases are made within the European Union (EU) using a purchasing card the supplier needs to be advised that the Council is a UK VAT registered organisation. The supplier will then charge the Council the net cost of the goods or services, which is processed outside the scope of VAT. The purchasing card user then needs to advise the VAT team and provide a copy of the appropriate backing documentation so the 'reverse charge' procedure can be carried out whereby the Council is charged VAT and this VAT is reclaimed back within the monthly VAT return so there is no effect on the Council.

If the supplier is not advised the Council is a UK VAT registered organisation they will charge the Council the net cost of the goods or services plus VAT, at the rate specific to that country. The Council is unable to reclaim this VAT and will have to incur the gross cost, outside the scope of VAT.

If purchases are made outside of the EU the Council is unable to reclaim any VAT or taxes (if applicable) and will have to incur the gross cost, outside the scope of VAT.

Examination of a sample of 19 Purchase Card transactions made in a foreign currency (5 in US Dollars and 14 in Euros) established that on one transaction VAT of £72.86 had been incorrectly reclaimed.

The Purchase Card Manual does not include any advice on reverse charges and the advice is limited generally on the treatment of VAT on purchases made. The VAT team should liaise with the Purchase Card team to enhance the procedures for staff to follow.

The recommendations in the report will help ensure the necessary improvements in management control are made and also ensure compliance with HMRC guidelines.

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1	VAT must be correctly accounted for on all purchase card transactions.	All purchase card transactions should correctly account for VAT. To support this full	31 July 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
High	<p>Examination of a sample of 221 purchases made by 11 different card holders identified that:-</p> <ul style="list-style-type: none"> • 26 purchases had no receipts / invoices present to support the VAT treatment of each. • 54 purchases may have incorrectly accounted for VAT - receipts / invoices were present but not always comprehensive. • Transactions are occasionally forced through by the system administrator if the purchases are not reconciled at the end of the period – this results in no VAT being reclaimed (if applicable). • Evidence was not always sought to ensure that suppliers have a valid UK VAT registration number which would enable VAT (if applicable) to be reclaimed. 	<p>receipts / invoices should always be requested and retained for all purchases.</p> <p>The Corporate Purchase Card Manual should be updated to contain more comprehensive details on the treatment of VAT and this amended document should be distributed to all card holders.</p> <p>All purchase card holders / authorisers should be reminded that at the end of each period the system should be fully reconciled and all applicable VAT correctly reclaimed.</p> <p>If users fail to undertake the monthly reconciliation process, the Purchase Card administrator should inform the card holder's line manager that further no compliance may result in deactivation of the card.</p>	
5.2.1 Medium	<p>Purchase cards can be used to make purchases from retailers Worldwide.</p> <p>However, if purchases are made from countries within the European Union the supplier needs to be informed that the Council is a UK VAT registered organisation and the reverse charges procedure adhered to.</p> <p>Procurement has developed a Corporate Purchase Card Manual, however, it was established that it includes no reference to the</p>	<p>The Corporate Purchasing Card Manual should be updated to include the VAT treatment on the purchase of goods from suppliers outside the UK. The revised manual should be distributed to all card holders.</p> <p>The VAT team should ensure that VAT is being correctly accounted for on all</p>	31 July 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>treatment of VAT on purchases made from suppliers that are based outside of the UK.</p> <p>A sample of 14 purchase card payments made in Euros were examined to establish whether VAT had been correctly treated on each. It was established that VAT had been incorrectly reclaimed on a transaction, as follows:-</p> <ul style="list-style-type: none"> • 06/07/17 Supplier - Translated.net VAT of £72.86 incorrectly reclaimed as it is not UK VAT. <p>A sample of 5 purchase card payments made in dollars were also examined to establish whether VAT has been correctly treated on each. All had been treated correctly.</p>	<p>purchases made from suppliers outside the UK.</p>	

AUDIT NAME: CREDITORS IR35

DATE FINAL REPORT WAS ISSUED: 29/06/2018

INTRODUCTION

The overall responsibility for the Creditors function lies with the Group Director, Corporate & Frontline Services and is managed by the Payroll & Payments Services Manager, who in turn reports to the Head of Pensions, Payroll and Payments.

HMRC issued revised Legislation in April 2017 (IR35) in respect of ascertaining employment status. Any service area (including schools) wishing to employ the services of an external entity must complete an online Employment Status check. The new online questionnaire covers Sole Traders and Personal Services Companies (PSCs). The result of the check will determine how the entity will be paid. To comply with IR35 regulations, the Payroll Section have set up a separate payroll in order to pay any PSCs that fall 'in scope' under the Legislation.

Guidance has been issued to all service areas of the Council (including schools) and training on the new Regulations has been rolled-out. HMRC have the authority to impose financial penalties for failing to undertake the employment status checks.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for financial year 2018/19, as agreed by Audit Committee, a review of compliance with the IR35 requirements was undertaken.

Audit testing focused on a sample of schools (both Comprehensive and Primary) to ensure that the revised procedures are being followed. The specific control objectives was:

- To ensure that schools are completing / undertaking the employment status checklist prior to engaging and paying and external entity.

AUDIT OPINION

Overall the control environment in respect of the completion of the Employment Status checklist to ensure IR35 compliance is considered to be effective with opportunity for improvement.

IR35 came into effect in April 2017 replacing the previous HMRC requirements. In support of the new requirements, detailed guidance was developed to compliment the revised HMRC on-line assessment tool, which was circulated to all service areas and schools with supporting training and awareness sessions taking place.

Since April 2017, the following information helps to demonstrate the impact of robust IR35 checks being undertaken:

- 14 companies had been set-up on the Council's 'worker' payroll with another due to join in July 2018.
 - To date, the Council has paid £232k through the new 'workers' payroll with the appropriate tax and national insurance passed to HMRC.

Management has indicated that a small number of providers have decided not to provide services to the Council, as they did not agree with the Council's IR35 assessment.

In respect of schools, it was evident that the majority of schools visited were aware of the requirement to undertake an employment status check as they were able to provide supporting documentation to confirm compliance. However, inconsistencies were identified because these checks were not undertaken for all entities that may be affected by the IR35 requirements. In addition to checks not always being undertaken, the following issues were also noted:

- Occasions were identified where checks were completed retrospectively i.e. after the provider was in place, delivering services; and

- Engagements were made on the basis of a checklist completed by another school who were using the same provider (although not necessarily in the same capacity).

A central 'approved list' of providers has been introduced by Payroll & Payment Services and is populated as and when new entities are checked and approved. Schools are able to refer to this list if they want to appoint a provider who has previously been used and centrally agreed. This list was last issued to all schools in October 2017; however as this list has the potential to continuously change, it is recommended that this list be periodically re-issued to all schools as a useful source of information.

It would also be an opportune time to re-issue the guidance previously circulated to all schools to reinforce the requirements that must be followed and this cascaded down to teaching staff and other individuals who may be engaging with external service providers.

Implementing the recommendations contained within this report should enhance the control environment further.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 High	<p>The new IR35 Regulations came into effect in April 2017 and detailed guidance and flowcharts were circulated to all schools via e-mail on 8th May 2017 with training and awareness sessions held during June and July for Headteachers and relevant staff.</p> <p>Discussion at each of the 12 schools visited identified that due to the nature of many appointments (i.e. music tuition, sports provision, drama workshop), providers are often engaged by teaching staff or Heads of Department, with information relating to the engagement not provided to the office until after the service has been provided.</p> <p>Office staff are therefore unaware of the engagement (often until payment for the service is required) and are unable to carry out the necessary Employment Status checks prior to appointment.</p> <p>This was found to be the case in the majority of the 12 schools visited.</p>	<p>All Headteachers should be reminded of the requirements of the IR35 Regulations.</p> <p>These requirements should also be cascaded down to teaching staff who should not engage with any potential provider for the provision of services until the necessary IR35 checks have been undertaken by the office staff and the entity correctly classified.</p>	30 th June 2018
5.1.2 High	<p>A review of the procedures followed at a sample of 12 schools (both Primary and Comprehensive) identified that at 8 of the 12 schools payments have been made to individuals or PSC's and the Employment Status checklist were not completed prior to the</p>	<p>Before a School engages with an external entity for the provision of services, they must review the employment status using the HMRC online tool.</p>	30 th June 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	appointments being made and or were completed retrospectively after services were rendered.	Consideration should be given to the IR35 Regulations being re issued to all Schools to remind them of their responsibilities together with an updated 'approved list' for reference (see 5.1.5).	
5.1.3 High	<p>It was noted that for 1 of the 12 schools examined a payment to a music tutor had been processed and paid for via the School Private Fund.</p> <p>Furthermore, whilst an Employment Status checklist was present for this individual, this had been completed by another school (see 5.1.5)</p>	<p>Payments to music tutors fall outside the scope of the School Private Fund Regulations and should be processed through the school's budget account in future. <i>Internal Audit has informed the School in question.</i></p> <p>Before a School engages with an external entity for the provision of services, they must review the employment status using the HMRC online tool or consult the 'approved list' which is compiled by Payroll & Payment Services.</p>	30 th June 2018
5.1.4 Low	<p>Since the introduction of the IR35 Regulations, Payroll & Payment Services have been compiling and populating an 'approved list' of providers which have been checked and approved in respect of IR35 status. This document is continuously changing as new providers are added and referrals received from schools.</p> <p>At the time of the audit review, the latest 'approved list' distributed to schools was on 20th October 2017.</p>	<p>Consideration should be given to distributing the 'approved list' of providers more frequently to schools i.e. quarterly, termly etc. This is particularly important as the new IR35 Regulations are still in their infancy and the list of providers is continuously growing.</p>	Implemented
5.1.5	One occasion was noted where a school had used the Employment Status checklist that another school had completed, as the same provider was being engaged.	The sharing of completed checklists by schools should be discontinued.	30 th June 2018

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
Medium	Whilst in theory this would save time for schools engaging providers, it would also require each individual arrangement with the prospective provider being identical in each school, and the checklist being accurately completed.	Schools should only use the 'approved list' held by the Payroll & Payment Service.	

WHOLE AUTHORITY ARRANGEMENTS

AUDIT NAME: PERFORMANCE INDICATORS

DATE FINAL REPORT WAS ISSUED: 04/06/2018

INTRODUCTION

The Council regularly measures the performance of delivery across all its service areas, using a combination of national and local Performance Indicators. Performance Indicators are measured against agreed targets (where targets have been set) and the results are reported in the public domain.

This framework of performance information provides the primary intelligence to enable the Council to manage performance against key strategic priorities, service / policy objectives and also local priorities specific to the needs of Rhondda Cynon Taf. Key indicators are also used for comparison purposes with other Councils.

Each PI has been assigned an owner who is responsible for declaring the methodology and accuracy of the calculation via the pro-forma Self Assessment Form. The in-year production and review of this performance information enables service managers to measure their service. PI owners are supported by the Performance Team based in the Finance Division, within the Corporate and Frontline Services Group.

SCOPE & OBJECTIVES

In accordance with the Internal Audit Plan for financial year 2017/18, agreed by Audit Committee, a review of a selection of Performance Indicators was undertaken.

The primary purpose of the review was to independently assess the sampled Performance Indicators and provide an opinion on the accuracy of the reported data.

To achieve this, the following key objectives were identified.

- That the methodology used to collect the statistical data is consistent with the agreed definition of each Performance Indicator;
- That the data used to calculate each PI has been correctly captured from prime documents / primary sources; and
- That the calculation was arithmetically accurate.

AUDIT OPINION

Overall, the control environment is considered to be effective with opportunity for improvement.

Assurance can be given that each Performance Indicator examined had appropriate definitions and methodologies and were implemented in line with the aims of those definitions and methodologies. Supporting data was available in most cases and reliance may be placed on the calculations for 15 of the 17 Performance Indicators examined.

For the remaining two Performance Indicators, one indicator (the no. of visits to public libraries during the year per 1,000 population) had been reported using inconsistent methods of collecting information. It was also noted that the electronic collection systems used to record information at libraries had an 85% accuracy rating.

For the other indicator (no. of businesses / organizations supported through grant support programmes), 11 of the 57 Enterprise Support Programme (ESP) businesses supported did not provide any evidence to support jobs created, which is a key element of the Terms and Conditions of the grant. As these businesses did not provide evidence of job creation, they were not included within the reported figures for that Indicator (LRGN008). Although it is accepted that these businesses were supported by the ESP grant, Internal Audit feel that for consistency, these 11 businesses should also not be included within LRG009 as the businesses did not provide sufficient evidence to fully meet the Terms and Conditions of the grant.

The quality assurance reviews previously put into place by the Corporate Performance Team had not taken place for any of the Performance Indicators examined.

SUMMARY OF RECOMMENDATIONS:

REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
5.1.1 High	<p>Each service area is responsible for the collection, monitoring and reporting of performance indicators (Guidance and support is provided by the Performance Team).</p> <p>Previous Internal Audit reviews recommended the introduction of routine quality assurance mechanisms to check the quality of reported data. The service indicated that a more targeted approach would be deployed during 2017 in line with resources available.</p> <p>It was found during the review that of the 17 Performance Indicators sampled, none had been reviewed by the Performance Team since the last audit report.</p>	<p>As previously recommended, the Performance Team should implement a rolling programme to sample check Performance Indicators throughout the Council.</p> <p>This should help to ensure that reliance can be placed on the Performance Indicators on an ongoing basis throughout the year and not just when internally and externally audited.</p>	31 July 2018
5.1.2 High	<p>From a sample of 17 Performance Indicators examined, it was found that 15 had been accurately reported. The 2 that had not were: -</p> <p>Libraries LCL001b/PAM016 - The number of visits to public libraries during the year per 1000 population</p> <p>It was found that the figure reported (3,950 visits per 1,000 population)</p>	<p>Service Management must ensure that the figure reported for each performance indicator is supported by source data and is accurate.</p> <p>Service Management should also ensure any data that is not received is chased up and obtained for reporting.</p>	31 July 2018

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>has been reported in line with the correct Definition and Methodology. However, it was identified during the review that the processes used to calculate the number of visits varies at each library, with each library having differing people counters that are used to calculate the reported figure. As stated by the Principal Librarian, who is responsible for calculating this Performance Indicator, it is thought the counters are 85% accurate, meaning that the figure reported cannot be relied upon as being 100% accurate.</p> <p>Regeneration & Planning LRGN009 - No. of businesses/ organisations supported through grant support programmes</p> <p>Whilst the total jobs created (LRGN008) reconciled, 11 of the 57 Enterprise Support Programme (ESP) businesses supported did not provide any evidence to support jobs created, which is a key element of the Terms and Conditions of the grant.</p> <p>As they have not met the Terms and Condition of the ESP grant, the reported figure should be 46 businesses.</p> <p>For the 11 supported businesses not meeting the Terms and Conditions of the grant, it has been decided that no clawback of the grants is to be undertaken, although again within the Terms and Conditions this is an option for insufficient evidence.</p> <p>Additionally, clarity needs to be provided in respect of the following Performance Indicators: -</p>	<p>The source data must be challenged and reviewed prior to figures being reported publically.</p>	

SUMMARY OF RECOMMENDATIONS:			
REPORT REF. & PRIORITY	FINDING	RECOMMENDATION	IMPLEMENTATION DATE
	<p>Education</p> <ul style="list-style-type: none"> • LEDU501 - % difference between pupils eligible for FSM and non-FSM who were assessed at the end of the Foundation phase (Year 2, typically aged 7) who achieved the Foundation phase indicator • LEDU242 - % pupils eligible for FSM assessed at the end of KS3 (Year 9, typically aged 14) achieving the Core Subject indicator <p>The reported figures are correct based on data provided by Welsh Government to the Council. The data provider/verifier has been identified as the Data, Quality and Intelligence Unit Manager employed at the Joint Education Service (JES).</p>		
5.1.3 Medium	<p>The Performance Team has introduced a comprehensive Definition and Methodology document which is to be completed for each Performance Indicator. For all 17 sampled Performance Indicators it was found that each had a Definition and Methodology in place.</p> <p>However, several had not been updated since their review by the Performance Team and resubmitted.</p>	<p>The Performance Team should ensure that a Definition and Methodology for each Performance Indicator in the new format is fully completed, up to date, agreed and retained.</p> <p>Officers should also be reminded that any amendments to these documents should be notified to the Performance Team, with a possible cut off date for such amendments made each year.</p>	30 September 2018