

Internal Audit Report

COPPETTS WOOD SCHOOL

20 April 2022


To: Chair of Governors
Headteacher

Copied to: Education and Skills Director
Executive Director (Children's Services)
Director of School Improvement and Traded Services
Senior Finance Business Partner (Children's Services)
Local Authority Appointed Governor
Clerk to Governors

Contact: Internal Audit

We would like to thank management and staff of Coppetts Wood School for their time and co-operation during the internal audit.

Executive Summary

Assurance level and Direction of Travel	Number of actions by risk category				
Limited 	Critical	High	Medium	Low	Advisory
	-	2	5	4	-

Background and Scope

The audit of Coppetts Wood School was carried out as part of the planned School audits for 2021-22. The audit review covered the period April 2020 to February 2022.

Coppetts Wood School is a community school with 255 pupils on role aged between 3 and 11 years of age. Attached to the school is a Children's centre supporting families with children aged under 5. The school has an additional resourced provision for children with a diagnosis of Autism. The budgeted expenditure for the School and Children's Centre for 2021/22 is £2,096,483 with employee costs of £1,583,771 (76% of budgeted expenditure).

The school was assessed as 'Outstanding by OFSTED in September 2011.

A review of the three recommendations reported in the previous audit report dated 4 January 2018 found that one recommendation had been partially repeated (Assets).

The aim of the audit is to provide assurance on key areas of financial management. The review covered all major systems within the school to ensure compliance with the Scheme for Financing Schools and the Barnet Financial Guide for Schools, including Barnet Contract Standing Orders for Schools.

The scope of the audit included assessment of the following:-

- adequacy of accounting, financial and other controls;
- compliance with established plans and procedures;
- the integrity and reliability of financial and other information;
- whether assets and other interests of the Council are properly safeguarded; and
- whether the use of resources achieves value for money.

In addition to the above, a review of the 'Schools Financial Value Standard' (SFVS) self-assessment was conducted to ensure that the self-assessment has been completed in line with requirements. The standard has been designed to assist schools in managing their finances and to give assurance that they have secure financial management in place.

Summary of findings

The table provided in Appendix 2 lists the areas audited and the number of recommendations in each area. Definitions of audit assurance levels and risk ratings for the issues identified are provided in Appendix 1.

Following our review, we were able to give **'Limited'** Assurance to the school, noting two high, five medium and four low priority issues as part of the audit:

- Purchasing– The school were not able to provide a file of signed paid invoices to support the BACs payments that had been made through the school bank account for the period from June 2021 to November 2021. Since May 2021 the school had not prepared purchase orders to evidence authorisation to purchase by a senior member of staff prior to order being placed. Committed expenses are not recorded to allow accurate budget monitoring. Roles and responsibilities for ordering food for the in-house catering function and checking receipt of goods and invoices should be documented. Procedures when using the school credit cards and for orders placed on the school Amazon Business account should be reviewed to ensure a complete audit trail, separation of duties and proof of receipt of goods. (High rated)
- Payroll–There was no evidence that payroll reports had been checked prior to the payroll date by the school or finance officer for the ten months preceding the audit visit. Inputting errors on the gross pay for three senior members of staff were made which were not corrected. Five members of staff were overpaid, but the school could not provide evidence that the overpayments were repaid. Proof that two references had been taken prior to employment could not be verified for one staff member at the audit. As the single central record was not up to date, it was not possible to confirm that references had been received for the other 28 members of staff recruited after May 2021. There was no evidence that monthly detailed monitoring of all payroll costs to budget were carried out. (High rated)
- Budget Monitoring–There was no evidence that staff costs were correctly allocated to the Children's Centre budget, and budget monitoring information was up to date and shared with Governors. The forecast information prepared in June 2021 and September 2021 and sent to the local authority was not up to date. A regular review should be carried out on the cost of supplying school meals using an in-house catering team, to quantify the cost of the catering function. (Medium rated).
- Income– The school should ensure that systems are in place to ensure that all money due from the local authority and neighbouring boroughs is identified and collected for Special Educational Needs funding. The cost of providing free childcare and free meals to the parents of nursery children should be calculated and shared with Governors. (Medium rated)
- Banking– The school should put in place a system to ensure that all cash donations paid to the children's centre are recorded and kept securely to be banked regularly. The notice of Authorised Signatories was last updated in May 2021. The authorised bank signatories list did not agree with the notice of Authorised signatories as the school business manager was added to authorise bank transactions. As the school business manager is responsible for the financial records of the school, sole authorisation of bank transactions should not be allowed. (Medium rated)
- Assets– The IT inventory spreadsheet could not be found at the audit. The inventory had not been kept up to date. No evidence of annual review, or Governor authorisation of disposals. (Medium rated)
- Single Central Record– There was missing information on the record for School staff and Governors which should be corrected. (Medium rated)
- Governance- The financial management policy should be updated and approved by Governors to reflect current procedures in school. (Low rated)
- Financial Planning– The three year forecast sent to the local authority in June 2021 was not shared with Governors. 'Access' Budget monitoring software did not reflect correct future expenditure for catering costs and children's centre senior staff. (Low rated)
- Contracts– An up to date contract could not be found for the photocopier machines in use in school. A written agreement should be available to confirm the agreement with the LBL after school club. (Low rated)

Following our 'Schools Financial Value Standard' (SFVS) self – assessment review we were able to confirm that there were no major discrepancies in judgements noted, however, although the school has responded with 'Yes', in the areas outlined below, it is the opinion of audit that this area has either not been met, or met 'In-Part' (refer also to Appendix 3 below):

A3: Does the governing body board receive clear and concise monitoring reports of the school's budget position at least six times a year? - The school has answered 'Yes', but up to date children's centre budget monitoring reports were not shared with Governors.

B6: Does the school have a realistic, sustainable and flexible financial strategy in place for at least the next 3 years, based on realistic assumptions about future funding, pupil numbers and pressures? - The school has answered 'Yes', the three year plan was not shared with Governors.

B8: Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance? - The school has answered 'Yes', the asset register was not available.

F23: Is the governing body sure that there are no outstanding matters from audit reports, internal audit reports or from previous consideration of weaknesses by the governing body? - The school has answered 'Yes', but one finding from the previous audit has been repeated. (Assets)

F25: Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers? - The school has answered 'Yes' but refer to Findings (Purchasing/banking/assets), which should be addressed to ensure procedures are as robust as possible.

2. Findings, Recommendations and Action Plan

Ref	Finding	Risks	Risk category	Agreed action(s)
1.	<p>Purchasing</p> <p>Objective – To ensure that the school’s purchasing, tendering and contracting arrangements achieve value for money</p> <p>Finding - A review of current purchasing arrangements found:</p> <p>a) For the period from June 2021 to November 2021 the school were not able to provide a file of signed, paid invoices to support the BACs payments to suppliers that had been made from the school’s bank account. The school stated that invoices had been checked by the Headteacher online and invoices and bank reports were filed on the school server. The Financial guide for schools requires that Invoices for payment should be matched with delivery notes for the receipt of goods or work carried out. The invoice should be checked and marked off for accuracy of quantity, price, and calculation against the original order. All these checks should be recorded on the invoice – a rubber stamp grid is ideal. For the small number of invoices printed and filed in this period, the invoices had not been stamped to show that the goods had been received or work had been done prior to payment. The filed invoices did not include the date of payment. No delivery notes were available. From November 2021 the school had a weekly visit from a contracted part-time finance assistant, and signed paid invoices were filed.</p> <p>b) For the period from May 2021 to March 2022 the school was not preparing purchase order forms for purchases ordered in school. The school is therefore unable to provide a complete audit trail which allows an item to be traced from ordering through to payment of the invoice. As no formal record is kept of purchases made, but not yet invoiced, the school is unable to confirm the amount of committed expense, and accurate budget monitoring is not possible.</p> <p>c) The school employs catering staff and purchases food to prepare school meals for pupils and staff. The cost of</p>	<p>There is a risk:</p> <p>i) That goods and services may be purchased which are not in line with school requirements</p> <p>ii) To the effectiveness of the budget monitoring process if the school fails to comply with prescribed procedures for recording ordered goods and services within the accounting system as commitments</p> <p>iii) Fraudulent invoices could be raised (either by a staff member or an external body) and paid, in the absence of a purchase order and any independent verification of goods having been received</p> <p>iv) Unchecked invoices may be passed for payment, where checks on the invoices are not noted, prior to passing for payment authorisation, this could lead to a loss to the school</p> <p>v) Payments could be made by the school without receiving the goods/services, in the absence of proper verification of receipt</p>	<p>High</p>	<p>Actions:</p> <p>Invoices will be filed for all payments made through the bank account. The invoices will be certified in accordance with the Notice of Authorised Signatories.</p> <p>The school will ensure that a purchase order is raised for all relevant goods and services, and this is approved by an authorised signatory. This expenditure will be recorded as a commitment to the school in a manner which allows the amount of committed expenditure to be accurately calculated at any time. An audit trail will be available which allows an item to be traced through from ordering through to payment of the invoice.</p> <p>The school business manager and finance assistant will clearly initial on the purchase order form or the invoice that the invoice has been checked for accuracy of quantity, price and calculation against the original order.</p> <p>All goods and services will be checked against a delivery note, for quality and quantity. The check will be recorded (signed for) on the delivery note.</p> <p>The school will document the procedures for ordering catering supplies, ensuring at all times that a separation of duties exists, between purchase order request, purchase order approval and payment, sufficient budget is available, committed expenditure is recorded, and a record is kept of delivery to the school.</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
	<p>catering provisions in 21/22 was £24,287. The system for the kitchen manager to order food, catering staff to check food receipts, and staff to match invoices to food orders was not documented. A review of school procedures found that food is ordered via the REKKI app, but orders were not recorded, or entered into the accounting system and confirmation of receipt of goods was not always recorded. The school did not have a system to ensure that invoices relating to the purchase were matched with signed purchase authorisation forms to ensure that a complete audit trail was available, and to evidence separation of duties.</p> <p>d) The school has two school credit cards that are used to purchase school supplies online. No approved credit card policy was available in school to confirm the procedures in place to control spending on the credit cards and prove separation of duties for each transaction. A review of school procedures found that recent credit card statements had been matched with supporting invoices and filed, but, as there was no purchase order system in place, there was no record that an authorised member of staff had approved the purchase prior to the card use. The same controls should be put into place for purchases made on the Amazon Business account.</p>			<p>The school will approve a credit card policy and use of the school credit cards to ensure that all purchases are reviewed and executed in accordance with requirements as approved within the School's Finance Policy, ensuring at all times that a separation of duties exists between purchase order request, purchase order approval and online payment by credit card, sufficient budget is available, a record is kept of delivery to the school and that approved purchase orders and signed invoices are retained for each purchase for independent review and scrutiny where necessary.</p> <p>Responsible officer: Headteacher/School Business Manager/Office and Catering staff/Finance assistant/Governors</p> <p>Target date: 30 June 2021</p>
2.	<p><u>Payroll</u></p> <p>Objective – To ensure the school has adequate control over its payroll costs and personnel data.</p> <p>Finding – A review of payroll arrangements found:</p> <p>a) The payroll reports from May 2021 to February 2022 were not printed and filed in school. The school were unable to confirm that either the school business manager or external Finance officer had conducted a thorough check on the payroll reports each month to confirm that the changes notified to the payroll provider CAPITA had been correctly processed. This would include a check that overtime had been correctly paid, staff leavers had been removed from the payroll and new starters had been added to the payroll and paid the correct salary. There was no system where</p>	<p>There is a risk of error or fraud in the absence of independent checks over the monthly payroll reports.</p> <p>There is a risk that the school will be unable to recover any staff overpayment made if the payroll reports are not checked to ensure that payroll entries are correct prior to the payroll date.</p> <p>There is a risk that if the Single Central Record is not completed fully and in its entirety then the Schools will not be able to demonstrate it is meeting</p>	High	<p>Actions:</p> <p>All changes to payroll and overtime claims will be authorised and filed to support additional payment. A member of staff will sign and date the forms to show that the change has been made in the payroll provider's online payroll portal. When month end pre-payroll reports are received, a member of school staff will check that the changes entered into the payroll portal have correctly been processed by the payroll provider.</p> <p>The school will retain evidence that any payroll errors due to inputting error are notified to the Headteacher. If a decision</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
	<p>the external Finance officer was notified of the monthly staff changes, as the school did not have a system of recording each authorised change to payroll (eg a starter/leaver/change in hours form). The school business manager did not perform this detailed check.</p> <p>b) The pay for a senior teacher was checked to the master pay list in December 2021. An inputting error had been made, and the gross salary was found to be £310 per annum higher than the awarded teacher pay grade. A further two inputting errors were identified for senior teachers that were made at the same time. The school were not able to provide an explanation why the staff had not been notified of the error once it was identified and corrections made.</p> <p>c) The school received an invoice from the payroll provider for processing overpayments to five members of staff or former members of staff. As payments to staff are made from the council's central bank account, a request for repayment from staff is made and this must be received by the school to enable salary overpaid to be reclaimed. The payroll provider should also enter correcting entries into the payroll reports to be recorded by the school. There was no evidence that the overpayments had been reclaimed and correcting entries made to the school accounts.</p> <p>d) Our review of recruitment procedures found that there were no references on file for a member of staff recruited in November 2021. The school were unable to confirm that references had been requested. As the single central record was not up to date, we were not able to confirm that references had been requested and received for the other 28 members of staff recruited after May 2021.</p> <p>e) Given that the payroll costs account for a large amount of the school's budget, the financial guide for schools section 2.5 (Budget monitoring and control) states that it is essential that payroll costs are accurately calculated in preparing the budget and closely monitored thereafter. For each member of staff, the total cost should be compared to the school's salary estimates. There was no evidence that monthly salary monitoring against budget was completed for any</p>	safeguarding requirements determined by the Department for Education.		<p>is made not to correct the error – this will be clearly recorded on the payroll master list and corrected at the next pay review date. Where the payroll error relates to Headteacher pay, the Chair of Governors will be notified.</p> <p>Any overpayments to staff or former members of staff will be notified to the Headteacher. The school will keep a record of overpayments in the payroll file and ensure that amounts overpaid are repaid to the school and correcting entries are recorded in the school accounts.</p> <p>All outstanding staff references will be requested and received. References will be requested at the point of recruitment, and receipt recorded clearly on the single central record.</p> <p>The school will complete monthly salary monitoring to comply with the financial guide for schools.</p> <p>Responsible officer: School Business Manager/External finance officer/Headteacher/ Governors</p> <p>Target date: 22 July 2022</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
	<p>month except February 2022 when there was a detailed report prepared by the external finance officer. The review excluded the Children's centre budget.</p>			
3.	<p><u>Budget Monitoring</u></p> <p>Objective – To ensure that the school carries out regular monitoring of income and expenditure against agreed budgets, providing effective financial management.</p> <p>Finding – Due to change in staff in May 2021, the school were unable to provide working papers to support the approved budget for the year 2021/22.</p> <p><u>Allocation of costs to Children's Centre budget</u></p> <p>The school is responsible for the budget of the attached Children's centre which had budgeted income from the Local authority of £167,079 for the year ended 31 March 2022. Although a budget had been approved by Governors in May 2021, there was no evidence that staff costs had been correctly allocated to the Children's centre budget from May 2021. Staff costs were budgeted as £142,285. Actual staff costs of £94,396 had been recorded for the 11 months to 28 February 2022.</p> <p><u>Quarterly forecast information sent to the local authority was not up to date</u></p> <p>The school must submit a return to the local authority showing budget, actual and forecast income and expenditure at 30 June, 30 September and 31 December. The report at 30 June contained no forecast information, the report at 30 September did not include an explanation of variances for the small amount of differences noted. The 31 December forecast had been brought up to date but had not been shared with Governors.</p>	<p>The budget may not be adequately controlled and monitored resulting in budget overspends or fraud going undetected. The Governing Body may not be able to discharge its responsibility for effective budget monitoring and control, if accurate and timely information is not provided as required.</p>	<p>Medium</p>	<p>Actions:</p> <p>The school will record staff costs for the school and children's centre and share accurate budget monitoring reports with Governors.</p> <p>'Access' school budgeting software will be kept up to date with changes in staff costs. The External school accountant and school business manager will allow sufficient time to prepare quarterly forecasts for review by the Headteacher before they are sent to the Local authority by the date due.</p> <p>The cost of preparing school meals in school will be calculated each term and shared with Governors with an analysis of the income received from parents or Government grants to calculate any cost to the school budget.</p> <p>Responsible officer:</p> <p>School Business Manager/External school accountant/Headteacher/ Governors</p> <p>Target date:</p> <p>22 July 2022</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
	<p><u>Cost of providing school meals</u></p> <p>The school does not have a contract for an external company to supply school meals to children at a fixed price per meal. This arrangement in other schools provides school meals at zero cost to the school budget as the cost of meals charged by the catering company is recharged to the parents of older pupils or funded by a government grant for younger 'infant' pupils. Coppetts Wood school employs a chef and catering assistants and buys food from local suppliers to prepare school meals for the children. The budgeted income from sale of school meals to pupils in 2021/22 was £21,000. £13,236 actual income was shown received in the 11 months to 14 March 2022. The school were not able to provide paperwork to show that the cost of providing meals in this way had been reviewed against the budget set at the start of this arrangement in May 2021. Cost of catering staff for 11 months was £32,975 and cost of food was £24,287.</p>			
4.	<p><u>Income</u></p> <p>Objective – To ensure that all income due to the school is identified, collected, receipted, recorded and banked promptly and that, administration arrangements are adequate and effective.</p> <p>Finding –</p> <p><u>Special Educational needs funding</u></p> <p>The school receives additional funding for each child attending the school Additional Resourced provision. The payment is due from the local authority for children resident in Barnet but must be claimed from neighbouring Boroughs if the child is not resident in Barnet. Following our review of paperwork, we were not able to conclude that there was a system in place to ensure all amounts were identified and collected each term. Budgeted income from Special Educational Needs funding for the year ended 31 March 2022 was £347,084.</p>	<p>There is a risk of financial loss where income has not been requested at the time when it is due and if procedures are not in place to maintain a record of outstanding amounts.</p>	<p>Medium</p>	<p>Actions:</p> <p>The school will seek training from teams providing finance support to other schools with an Additional Resourced provision to enable a system to be set up in school so that all income from Special Educational Needs funding is identified and received as it is due. The Headteacher or teacher responsible for SEN will check the funding each term.</p> <p>The school will calculate the cost of providing free childcare and lunch to the parents of nursery children. This cost will be shared with Governors</p> <p>Responsible officer:</p> <p>School Business Manager/External school accountant/Headteacher/ Governors</p> <p>Target date: 30 September 2022</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
	<p><u>Income from the school nursery for childcare and meals provided</u></p> <p>The school has a nursery class with 42 children on role. The school receives Local authority funding for fifteen hours nursery provision for the children, but the children in school can stay for a full day in school.</p> <p>The school also receives early years funding from the local authority for some children whose parents work, and they are entitled to thirty hours free childcare. The school has chosen to fund the 30 minutes lunchtime childcare session and the school lunch provided to the children whose parents are entitled to thirty hours free childcare. The school was unable to provide the cost of providing the free childcare and cost of meals to nursery children. This information should be available and shared with Governors.</p>			
5.	<p><u>Banking and Petty cash</u></p> <p>Objective – To ensure that the school has adequate control over its funds, with regular arrangements for reconciling bank and cash balances.</p> <p>Finding A review of current banking arrangements found:</p> <p>a) The Children’s centre runs daily sessions for parents of children under 5. The current timetable includes ‘Movement and Drama’ and ‘Parent and toddler yoga’ where the school pays for an external teacher to lead the session. There is a suggested donation of £1 per session, but there had been no amounts paid into the bank since May 2021 and only £42 was found in school relating to donations for attendance.</p> <p>b) The Notice of Authorised Signatories was last updated in May 2021. The Notice of Authorised signatories form approved by Governors does not allow the Headteacher or School Business Manager to sign cheques or authorise bank payments. Paperwork filed in school shows that the school business manager and Headteacher were added as Bank signatories to the Natwest mandate in June 2021. The authority levels with Natwest Bank allow one authorised person to authorise BACs payments under £1000.</p>	<p>There is a risk of errors, financial loss and possible fraud or misappropriation of income, in the absence of independent checks to confirm amounts received.</p> <p>The school may not be able to demonstrate satisfactory stewardship over all the schools funding, which therefore may be a fraud risk.</p>	Medium	<p>Actions:</p> <p>The school will take a register at each session to establish the number of parents attending. Donations will be matched to each session and recorded daily. Amounts collected will be transferred to the main school safe weekly and banked on a regular basis.</p> <p>The school will update the Notice of Authorised Signatories and bank signatories. The Governors will decide whether the school business manager should be included as a signatory on the Natwest bank mandate and allowed to authorise transactions as a second signatory.</p> <p>Responsible officer:</p> <p>Children’s centre staff/School Business Manager/ Headteacher/ Governing Body</p> <p>Target date: Immediately</p>









Ref	Finding	Risks	Risk category	Agreed action(s)
	<p>The Financial Guide for schools, section 1.2 (Delegation of responsibilities and authorised signatories), states that schools may use internet banking and make electronic payments. However, the authorisation of payments must offer no lesser a degree of safeguard than cheque payments, with full documentation to give an audit trail of each transaction. Sole authorisation by the person responsible for the accounts represents an unacceptable risk and must not be allowed.</p> <p>The school business manager has sole responsibility for the accounting package and payment of invoices. The sole authorisation of transactions by the school business manager should not be allowed.</p>			
6.	<p>Assets</p> <p>Objective - To ensure that the school has adequate controls and records to safeguard its valuable/moveable assets and items of inventory.</p> <p>Finding - A school's IT inventory could not be found at the audit. The school were therefore unable to confirm that it had been kept up to date and contained sufficient details to comply with the Financial Guide for schools (date of purchase, supplier, cost, and full description) for all IT assets. Evidence was not retained to show that all IT asset additions had been recorded for addition to the inventory. Each asset on the inventory should be checked at least annually, and any missing/broken items investigated and documented for Governor approval of disposal.</p>	<p>Failure to maintain a complete and accurate inventory could result in the school failing to identify possible lost/missing equipment and having insufficient details to provide in the event of an insurance claim.</p>	<p>Medium</p>	<p>Actions:</p> <p>The Inventory will be located and updated with recent additions and cost and date of purchase for all assets.</p> <p>Annual check will be completed and recorded every year.</p> <p>Governors will be asked to authorise disposal of assets.</p> <p>Responsible officer:</p> <p>IT support/ School Business Manager/ Headteacher/ Governing Body</p> <p>Target date:</p> <p>30 September 2022</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
7.	<p><u>Single Central Record</u></p> <p>Objective - To ensure that the school has an up to date Single Central Record.</p> <p>Finding – The Single Central record was moved from a spreadsheet to Sentry software after May 2021.</p> <p>We selected ten school employees and asked to see their entry within the schools Single Central Record. We found that for 1/10 personnel the mandatory address field was not complete. For the person maintaining the record, their record showed that identity checks had been carried out by the member of staff. A review of the previous spreadsheet showed that checks had been carried out by a former member of staff prior to employment. References had not been collected for one employee.</p> <p>There are twelve non-staff Governors listed on the school website. Only one Governor was included on the Single Central Record. The school were unable to confirm why all Governors were not listed as required by legislation effective 1 April 2016. There is a requirement that all Governors have a Disclosure and Barring Service (DBS) check and that a Section 128 check is completed for each Governor and management. Section 128 checks to see whether a person is banned from being involved in the management and governance of schools. This check was not noted for each Governor.</p>	<p>There is a risk that if the Single Central Register is not completed fully and, in its entirety, then the school will not be able to demonstrate it is meeting safeguarding requirements determined by the Department for Education.</p>	<p>Medium</p>	<p>Actions:</p> <p>The school will review the Single Central Record and ensure that all columns are completed correctly.</p> <p>All Governors will be included on the Single Central Record and mandatory Section 128 checks recorded.</p> <p>Responsible officer:</p> <p>School Business Manager /Headteacher</p> <p>Target date:</p> <p>Immediately</p>
8.	<p><u>Governance</u></p> <p>Objective – To ensure the responsibilities of the governing body, its committees, the head teacher and staff are clearly defined, and limits of delegated authority established; and that management, organisation and arrangements are adequate and effective leading to sound financial decisions.</p> <p>Finding –</p>	<p>There is a risk to the effective financial management of the school if, in the absence of an up to date Finance Policy, Governing Body members and key staff are not able to fulfil their responsibilities consistently.</p>	<p>Low</p>	<p>Actions:</p> <p>The Financial Management Policy will be reviewed and updated with reference to the Barnet Schools Financial Guide.</p> <p>Responsible officer:</p> <p>School Business Manager/ Headteacher /Governing Body</p> <p>Target date:</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
	<p>A review of the current Financial Management Policy found that it does not fully reflect the following:</p> <ul style="list-style-type: none"> • The policy states that the Local authority requires details of income and expenditure monthly. Information is now provided quarterly. • The school has two credit cards. The policy does not include approved procedures to ensure that purchases are authorised prior to the card use. • The school is paying invoices that are split with the children's centre that shares the same site. Costs incurred by the school relating to the children's centre are budgeted to be recharged on an agreed basis, but this has not been included in the Finance Policy. • The policy does not include detailed responsibilities for entering changes to the CAPITA payroll portal and checking that changes have been correctly processed by the payroll provider. • The policy does not include the approval by Governors to accept bookings for external lettings via the Sharesy website. • Roles and responsibilities for ordering food for the in-house catering function and checking receipt of goods and invoices should be documented. 			30 September 2022
9.	<p>Financial Planning</p> <p>Objective – To ensure that the school carries out adequate financial planning to reflect the school's prioritised educational objectives.</p> <p>Finding – The school was required to produce a three year forward plan to send to the Local authority in June 2021. Due to staff changes, the school was not able to confirm that the three year forward plan that had been prepared by the school accountant and sent to the local authority in June 2021, had been shared with Governors. The 'Access' school budgeting software was not up to date at the audit to represent change in children's centre manager and in house catering budget. The school were therefore unable to produce a current three year forward plan.</p>	<p>The budget may not be adequately controlled and monitored resulting in budget overspends or fraud going undetected. The Governing Body may not be able to discharge its responsibility for effective budget monitoring and control, if accurate and timely information is not provided as required.</p>	Low	<p>Actions:</p> <p>The school will comply with the scheme for financing schools and prepare an annual budget and two year forecast for submission to the local authority by 30 May.</p> <p>Responsible officer:</p> <p>School Business Manager/External school accountant/Headteacher/ Governors</p> <p>Target date: 30 May 2022</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
10.	<p><u>Contracts</u></p> <p>Objective – To ensure that the school’s purchasing, tendering and contracting arrangements achieve value for money</p> <p>Finding – Paperwork could not be found in school at the audit to confirm the contract with Ricoh for photocopiers in use in school.</p> <p>Afterschool childcare is provided by LBL afterschool club. No contract was available at the audit to confirm the arrangement currently in place.</p>	<p>The school may be unable to prove that systems are in place to manage and monitor contracts, where a current contract is not available in school.</p> <p>Without a formally signed contract confirming acceptance of terms and conditions by all parties, there is a risk that disputes may not be resolved correctly.</p>	<p>Low</p>	<p>Actions:</p> <p>Current contracts for goods/services will be held in school for referral where necessary.</p> <p>Responsible officer:</p> <p>School Business Manager/Headteacher</p> <p>Target date:</p> <p>30 June 2022</p>

Appendix 1: Definition of risk categories and assurance levels in the Executive Summary

Risk rating	
Critical 	Critical issue where action is considered imperative. Action to be effected immediately.
High 	Fundamental issue where action is considered imperative to ensure that the School is not exposed to high risks, also covers breaches of legislation and policies and procedures. Action to be effected within 1 to 3 months.
Medium 	Significant issue where action is considered necessary to avoid exposure to risk. Action to be effected within 3 to 6 months.
Low 	Issue that merits attention/where action is considered desirable. Action usually to be effected within 6 to 12 months.
Level of assurance	
Substantial 	The standard of controls operating in the systems audited at the school is robust and provides substantial confidence that the school is protected from loss, waste, fraud or error.
Reasonable 	The standard of controls operating gives reasonable assurance that the school is protected from loss, waste, fraud or error but there may be areas which need to be strengthened to provide robust confidence in the system of internal control.
Limited 	The standard of controls is insufficient to give confidence that the school is protected from loss, waste, fraud or error. Prompt attention needs to be given to strengthening one or more areas of the control system before sufficient confidence is provided.
No 	The standard of controls is poor and places the school in potential danger of loss from waste, loss, fraud or error. Urgent attention needs to be given by management to addressing weaknesses identified in the audit.

Appendix 2 – Areas audited and analysis of findings

Area	Summary of Findings				
	Critical	High	Medium	Low	Advisory
Governance				1	
Financial Planning				1	
Budget Monitoring			1		
Purchasing		1			
Contracts				1	
Income			1		
Lettings					
Banking & Petty Cash			1		
Payroll		1			
Tax					
Voluntary Funds					
Assets			1		
Insurance					
Data Security					
Pupil Premium					
Safeguarding*			1		
Schools Financial Values Standard				1	

*Scope limited to confirmation as to whether the school has completed a Safeguarding audit tool and whether any issues were noted over its Single Central Record

Timetable					
Audit agreed:	Fieldwork commenced:	Fieldwork completed:	Draft report issued:	Management comments received:	Final report issued:
2 December 2021	14 March 2022	15 March 2022	30 March 2022	19 April 2022	20 April 2022

Appendix 3 – Review of Schools Financial Value Standard 20/21

LIST OF QUESTIONS	SCHOOL RESPONSE	AUDIT CONCLUSION FOLLOWING REVIEW OF COMMENTS AND EVIDENCE
A: Governance		
1. In the view of the governing body and senior staff, does the governing body have adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money?	Yes	Agreed
2. Does the governing body have a finance committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair?	Yes	Agreed
3. Does the governing body board receive clear and concise monitoring reports of the school's budget position at least six times a year?	Yes	No up to date reports presented to Governors for the children's centre
4. Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?	Yes	Agreed
5. Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent, eg on sick leave?	Yes	Agreed
B: School strategy		
6. Does the school have a realistic, sustainable and flexible financial strategy in place for at least the next 3 years, based on realistic assumptions about future funding, pupil numbers and pressures?	Yes	Three year plan was not shared with Governors.
7. Is the financial strategy integrated with the school's strategy for raising standards and attainment?	Yes	Agreed
8. Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?	Yes	In Part – asset register was not available
C: Setting the annual budget		
9. Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?	Yes	Agreed
10. Does the budget setting process allow sufficient time for the governing body to scrutinise and challenge the information provided?	Yes	Agreed

11. Is the governing body realistic in its pupil number projections and can it move quickly to recast the budget if the projections and the reality are materially different?	Yes	Agreed
12. Is end year outturn in line with budget projections, or if not, is the governing body alerted to significant variations in a timely manner, and do such variations result from explicitly planned changes or from genuinely unforeseeable circumstances?	Yes	Agreed
13. Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balance at the end of each year?	Yes	Agreed
D: Staffing		
14. Does the school review and challenge its staffing structure regularly to ensure it is the best structure to meet the needs of the school whilst maintaining financial integrity?	Yes	Agreed
15. Has the use of professional independent advice informed part of the pay decision process in relation to the headteacher and is it tightly correlated to strong educational outcomes and sound financial management?	Yes	Agreed
16. Does the school benchmark the size of its senior leadership team annually against that of similar schools?	Yes	Agreed
E: Value for Money		
17. Does the school benchmark its income and expenditure annually against that of similar schools and investigate further where any category appears to be out of line?	Yes	Agreed
18. Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?	Yes	Agreed
19. Is the governing body given the opportunity to challenge the school's plan for replacing contracts for goods and services that are due to expire shortly?	Yes	Agreed
20. Does the school consider collaboration with others, eg on sharing staff or joint purchasing, where that would improve value for money?	Yes	Agreed
21. Do you compare your non-staff expenditure against the DfE recommended national deals to ensure you are achieving best value?	Yes	Agreed
22. Does the school maintain its premises and other assets to an adequate standard and make best use of capital monies for this purpose?	Yes	Agreed

F: Protecting Public Money		
23. Is the governing body sure that there are no outstanding matters from audit reports, internal audit reports or from previous consideration of weaknesses by the governing body?	Yes	In Part – one finding has been repeated
24. Are there adequate arrangements in place to manage conflicts of interest or any related party transactions?	Yes	Agreed
25. Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers (please note any instance of fraud or theft detected in the last 12 months)?	Yes	Refer to Findings/Recommendations Purchasing/Banking /Assets
26. Are all staff aware of the school's whistleblowing arrangements and to whom they should report concerns?	Yes	Agreed
27. Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return?	Yes	Agreed
28. Does the school have adequate arrangements for audit of voluntary funds?	Yes	Agreed – No voluntary funds
G: SFVS dashboard		
29. Have the results of the dashboard been carefully considered and potential follow-up actions identified?	Yes	Agreed

Appendix 4 – Internal Audit roles and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of Coppetts Wood School, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.