



## Report of the Director of Education

Audit Committee – 8 September 2020

### Cwm Glas Primary School Audit Report 2019/20

#### 1. Introduction

- 1.1 An audit has recently been completed at Cwm Glas Primary School. The audit was pre-arranged and all findings and recommendations have been discussed with the Headteacher.
- 1.2 The audit included the review and testing of the controls established by management over the following areas:
- Governance
  - Management of Delegated Resources
  - Bank Reconciliations
  - Banking Procedures
  - Lettings & Clubs
  - Unofficial Funds
  - School Meals Income & FSM
  - Expenditure
  - Employees
  - Inventory
  - Computer Security
- 1.3 In addition to the testing undertaken at the school, reliance has been placed on the responses provided in the Control Risk Assessment Questionnaire.
- 1.4 The objectives of the audit were to ensure that material business risks have been identified and that the controls in place are adequate for the purpose of minimising business risk and are operating in practice.
- 1.5 Cwm Glas Primary School was last audited during 2015/16, where there were 12 recommendation and the Assurance Level awarded was 'Substantial'. The Corporate Fraud Team also undertook a special investigation in 2018/19 after concerns were raised about historic operations of the schools finances. Findings and recommendations arising from the investigation were reported in September 2018.
- 1.6 The period tested during this review was April 2019 to January 2020. It is acknowledged that for the period April to the end of August the school were without a permanent Admin Officer, which would inevitably have an impact on many of the processes and procedures that were reviewed as part of the audit. A full time Admin Officer has been appointed and in post since September 2019.

1.7 The work carried out and the findings arising from this audit and the audit opinion are stated in the report below. Where we have been able to place reliance on the responses to the Control Risk Assessment Questionnaire, no additional testing has been undertaken and therefore no findings have been reported for these areas.

1.8 The recommendations made to address the findings are included within the attached Management Action Plan.

## **2. Work Done / Findings**

### **2.1 Management of Delegated Resources**

2.1.1 It was noted that the 2019/20 budget was agreed by the Governing Body at a meeting held on 15 May 2019.

2.1.2 The Governing Body formally considered the extent of the delegation of powers to the Headteacher on the 9 October 2019, to the value of £5,000.

2.1.3 It was noted that there are only two signatories to the Delegated Bank account. The addition of a third signatory would provide better contingency arrangements.

### **2.2 Bank Reconciliations**

2.2.1 It was confirmed that bank reconciliations were being carried out, however there was no evidence of them being reviewed by an independent person.

### **2.3 Banking Procedures**

2.3.1 A review of recent Paying In books revealed that banking had not taken place on a weekly basis. It is acknowledged that very little cash/cheque income is received however; every effort should be made to ensure banking is carried out on a regular basis.

2.3.2 At the time of the audit a cash count was undertaken of money held in the safe:

Trip Money - £30.00

Fruit Money - £78.00

Fruit Money (Float) - £2.00

School Council - £100.00

'Found' Money - £2.00

2<sup>nd</sup> Hand Uniform Sales - £8.00

School Meals - £66.96

Playgroup - £40.00

Sponsorship Money – unknown amount, had not been counted as it was only recently received.

There was also a cheque for £90.00 that was received in December. Therefore, the overall total was £416.96 excluding the sponsorship money.

2.3.3 We were informed that all income is held in the safe. The safe is operated by a PIN that is known only to key members of staff.

### **2.4 Lettings & Clubs**

- 2.4.1 The Learning Lounge is available to clubs and external organisations to hire. A period of free lettings were agreed when the school first started to let the facility in September 2019, however since the fees have been introduced there have been no lettings.
- 2.4.2 There was no formal Lettings Policy in place. Advice on the requirements was given to the Admin Officer during the audit.
- 2.4.3 The school operate a Breakfast Club and After School Club for which there is no charge.

## 2.5 Unofficial Funds

- 2.5.1 At the time of the Audit, there were three unofficial funds in the name of the school. Details of these accounts are recorded in the table below:

Account Name	Purpose of Account	Last Statement Date	Balance
School Fund Account – Lloyds	Fundraising, trips etc.	27.12.19	£7,701.69 (see 2.5.2)
Cwm Glas Primary School	To buy and sell school uniform	28.02.19 <i>Note 1</i>	£3,444.96
Cwm Glas Primary School – A/C 2-DN	Purchase of items, goods and services relating to the Day Nursery (now ceased operating)	09.12.19	£5,710.78

**Note 1:** No statements received since February 2019. Headteacher contacted the bank on the 21 January 2020, confirmation received that no statements sent, as there had been no activity on the account since February 2019. Balance on the account remained at £3,444.96.

- 2.5.2 The balance of the School Fund account has decreased dramatically over the last two years (Feb 2018 to December 2019) when the funds reduce from £104,331.34 as at 30 January 2018 to £7,701.69 as at 27 December 2019. A review of the expenditure during this period revealed that there has been significant spend on works undertaken at the school including improvements in the outdoor play area and the refurbishment of the Learning Lounge e.g. Painting, rewiring, carpets, lockers and furniture. Invoices were available to support the spend.
- 2.5.3 It was noted however that the majority of the invoices could have been paid via the delegated budget in order for the VAT to be reclaimed (saving the school 20%) and funds transferred from the School Fund to cover the Net cost. A small number of the purchases had been processed in this way but not all.
- 2.5.4 The School Uniform account is to be closed as it has been decided that parents/guardians should now purchase school uniform directly from the supplier. The funds in this account should be transferred to either the School

Fund or Delegated, depending on advice from the PSO and VAT accountant. Income from the sale of any remaining uniform stock will be banked into the relevant account.

2.5.5 The Headteacher is also in the process of closing the Cwm Glas Primary School – A/C 2-DN account. As there are only two signatories on the account, one being a member of staff that no longer works at the school, the closure of the account is not straightforward and is taking longer than anticipated to resolve. The funds in this account will be transferred to the Delegated Budget.

2.5.6 Each of the ‘unofficial funds’ only have two signatories. The current difficulties that they are experiencing with the closure of one of the accounts proves that there should be at least three signatories.

2.5.7 The last audit of these funds are recorded in the table below:

<b>Account Name</b>	<b>Date of Last Audit &amp; Period Covered</b>	<b>Auditors</b>	<b>Date Presented to Governors</b>
School Fund Account – Lloyds	31.08.19 Year ending Aug 2019	Gemma Price	08.10.19
Cwm Glas Primary School	04.10.17 Sept 16 – Aug 17	L Govier & G Thomas	15.11.17
Cwm Glas Primary School – A/C 2-DN	04.10.17 Sept 16 – Aug 17	L Govier & G Thomas	15.11.17

2.5.8 It was noted that the Audit Certificate for the School Fund Account Lloyds did not record the balance on the account.

2.5.9 As the other two accounts (School Uniform & Day Nursery) have not been audited since September 2017 it would be best practice to undertake an audit prior to the accounts being closed.

2.5.10 There were no Fund Constitutions in place for any of the funds. Advice was provided and staff were directed to the Councils Accounting Instruction No. 11.

2.5.11 As the School Uniform and Day Nursery Accounts have been dormant for some time, only the records for the School Fund were reviewed. It was confirmed that adequate income and expenditure records were maintained and reconciliations to the bank statements were regularly being undertaken. However, there was no evidence of an independent review.

## **2.6 School Meal Income & Free School Meals**

2.6.1 The majority of income in respect for school meals is collected via the sQuid payments system, however cash and cheque payments are still accepted but this is minimal.

2.6.2 A total of £66.96 (cash) was held in the safe, which related to school meals income collected for the period 20 November 2019 to 20 January 2020. This income should have been paid into the Delegated Account and subsequently

paid over to Catering by means of raising a cheque from Delegated and sent to Cashiers.

- 2.6.3 Advice was also given on the requirement to run 'Fund Deposits Reports' on a weekly basis in order to reconcile cash collected to that entered onto sQuid manually. At present, this was not being undertaken.
- 2.6.4 A total of £232.30 of debt was recorded on the Debtors Report as at 20 January 2020. £150.05 of this overall debt related to 'archived' accounts, where the account holder is no longer a pupil or teacher at the school. Individual amounts owed were low in value, with the highest individual amount being £12.00. A number of these debts had however been outstanding for over 500 days.
- 2.6.5 Of the Active users, the highest value outstanding was £11.70. It was noted however that there were a number of pupils on this report where the debts had been outstanding for more than 300 days.
- 2.6.6 A review of the Discretionary Account showed that the school was paying for a high number of staff meals from their Delegated Budget. Individual staff members were having their sQuid accounts topped up from funds in the Discretionary Account. Free staff meals are currently being reviewed by the School Funding & Information Unit and once a decision has been made on the agreed approach, information will be disseminated to schools. In the meantime, it is advised that the school review their current arrangements to ensure that only eligible staff are in receipt of a free meal.
- 2.6.7 A sample of five pupils in receipt of free school meals was selected, and a check carried out to ensure that authorisation had been received from the Authority's Finance Section. This test proved satisfactory.

## **2.7 Expenditure**

- 2.7.1 A review of purchases in excess of £5,000 (inc. cumulatively) made during the year was carried out to ensure Contract Procedure Rules had been complied with. Results were satisfactory.
- 2.7.2 An examination of a further eight purchases was undertaken and testing revealed that orders had only been raised for one of the eight sampled. It is acknowledged that the school had a period where they did not have a full time Admin Officer; however, an Admin Officer was appointed and had now been in post since September 2019.
- 2.7.3 It was noted that the 'grid stamp' on the invoices was not being completed in full. Normally this would not have been an issue when the new batch header is being completed correctly however testing revealed this was not the case.
- 2.7.4 Enquiries revealed that the new procedures for checking the employment status of individuals, companies and partnerships, which provide a service to the school, had been complied with.
- 2.7.5 Non-order facility had been used for items other than utilities and supply teaching. Orders should be produced for all goods and services including CCS orders. This is required for effective budget monitoring and proper certification procedures. It is also a record of what has been ordered, and helps to reduce the risk of duplicate payments being made, and to facilitate matching to the invoice in terms of both price and quantity.

- 2.7.6 Testing revealed the Cheque Stock Record was not being completed with details of cheques used. The requirement to complete this record was discussed with the Admin Officer and assurances were given that the record will be completed going forward.
- 2.7.7 Our review confirmed that any cancelled cheques had been recorded on the Cheque Stock Record as required.
- 2.7.8 Testing was carried out on the Schools Lloyds Bank MultiPay Card to ensure it was being used in compliance with the Guidance Notes issued. Testing identified the following:
- a) A VAT receipt was not obtained for one purchase (Amazon) however, VAT had been reclaimed.
  - b) VAT had also been reclaimed on items which are non-vatable e.g. stamps.

## **2.8 Employees**

- 2.8.1 A report of all employees allocated to the school on the Council's Payroll System was checked by the Admin Officer and confirmed as being correct.

## **2.9 Inventory**

- 2.9.1 An Inventory record was not available at the school. Discussions were held over the requirements to maintain an Inventory and advice given to follow Accounting Instruction No. 9 of the Councils Accounting Instructions. As there were no records maintained no further testing could be undertaken in this area.

## **2.10 Computer Security**

- 2.10.1 Testing revealed that passwords to the SIMS FMS system had been changed in the last twelve months as required.

## **3. Conclusion**

- 3.1 The Internal Audit Section operates a system of Assurance levels which gives a formal opinion of the achievement of the service's/system's control objectives. The Assurance levels vary over four categories: 'High', 'Substantial', 'Moderate' and 'Limited'.
- 3.2 Recommendations arising from this review are detailed in the attached Management Action Plan. Each recommendation has been prioritised according to perceived risk – High, Medium, Low and Good Practice. The overall Assurance level is based on the recommendations made in the report.
- 3.3 The description of each type of recommendation and also the basis for each of the Assurance levels is noted in **Appendix 1**.
- 3.4 Based on the audit testing undertaken, it was found that some procedures were operating satisfactorily, however, there were many areas where improvements were needed.

- 3.5 As a result, an Assurance Level of '**Moderate**' has been given. This indicates that 'The ineffective controls represent a significant risk to the achievement of system objectives.'
- 3.6 We will contact you in due course to confirm that you have implemented the agreed recommendations.
- 3.7 This audit was carried out in conformance with the Public Sector Internal Audit Standards.

**Background Papers:** None.

**Appendices:** Appendix 1 – Classification of Audit Recommendations.

## **Classification of Audit Recommendations**

<b>Recommendation</b>	<b>Description</b>
High Risk	Action by the client that we consider <b>essential</b> to ensure that the service / system is not exposed to <b>major risks</b> .
Medium Risk	Action by the client that we consider <b>necessary</b> to ensure that the service / system is not exposed to <b>significant risks</b> .
Low Risk	Action by the client that we consider <b>advisable</b> to ensure that the service / system is not exposed to <b>minor risks</b> .
Good Practice	Action by the client where we consider <b>no risks</b> exist but would result in better quality, value for money etc.

## **Audit Assurance Levels**

<b>Assurance Level</b>	<b>Basis</b>	<b>Description</b>
High Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High or Medium Risk. Any recommendations are mainly Good Practice with few Low Risk recommendations.	There is a sound system of internal control designed to achieve the system objectives and the controls are being consistently applied.
Substantial Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High Risk. Occasional Medium Risk recommendations allowed provided all others are Low Risk or Good Practice.	There is a sound system of internal control but there is some scope for improvement as the ineffective controls may put the system objectives at risk.
Moderate Assurance	Recommendations for ineffective controls affecting the material areas of the service are at least Medium Risk.	The ineffective controls represent a significant risk to the achievement of system objectives.
Limited Assurance	Recommendations for ineffective controls affecting the material areas of the service are High Risk.	The ineffective controls represent unacceptable risk to the achievement of the system objectives.



**CITY AND COUNTY OF SWANSEA  
MANAGEMENT ACTION PLAN  
EDUCATION: CWM GLAS PRIMARY SCHOOL 2019/20**

REPORT REF	RECOMMENDATION	CLASS (HR; MR; LR; GP)	AGREED ACTION/ COMMENTS	RESPONSIBILITY FOR IMPLEMENTATION	PROGRESS UPDATE 29 <sup>th</sup> MAY 2020
<b>Management of Delegated Resources</b>					
2.1.3	Consideration should be given to increasing the number of signatories on the Delegated Account in order to provide sufficient contingency arrangements in the absence of other signatories.	GP	Mrs Cerianne Kieft (SLT) will be added as 3 <sup>rd</sup> signatory to Delegated and School Fund Accounts	RR to liaise with CK and the bank(s) and implement the change	CK took LOA from 04.03.20 then school closed (COVID-19) 20.03.20
<b>Bank Reconciliations</b>					
2.2.1	Bank Reconciliations should be signed or initialled as evidence of a review.	MR	Bank Recs to be signed by Headteacher and PSO	RR & NCL	With immediate effect (from Feb 2020)
<b>Banking Procedures</b>					
2.3.1 & 2.3.2	Income should be banked at least weekly or at any time when the cash holding limit (£500) is likely to be reached.  <i>(Previous audit recommendation)</i>	LR	Miss Rachel Roberts (Senior Admin/Finance) to leave work at 15:15 on either Wed or Thurs weekly in order to bank income	RR	With immediate effect (from Feb 2020)
<b>Lettings &amp; Clubs</b>					
2.4.2	A Lettings Policy should be formalised.	GP	NCL to meet with Premises Sub-Group of the Gov Body	NCL and GB Sub-Group	By end of April 2020 (COVID-19 Closure) New date: 29.05.20
<b>Unofficial Funds</b>					
2.5.3	Any eligible purchases should be made via the delegated budget and reimbursements made from the Unofficial Fund in order to reduce the cost of the item by 20%.	GP	NCL, RE and RR to liaise and confirm eligibility ahead of purchases, seeking clarity from PSO if needed	RR (+NCL & RE)	With immediate effect (from Feb 2020)

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2.5.4 & 2.5.5	The Uniform and Day Nursery Accounts should be closed and funds transferred to the relevant account.	LR	Uniform Account is now CLOSED. Balance transferred to School Fund	RR & NCL	Feb 2020
			2 <sup>nd</sup> signatory of DN to be acquired. Balance to be transferred to Delegated Budget. Awaiting advisory from Auditor	RR, NCL & PSO (plus advice around 2 <sup>nd</sup> signatory)	By end of March 2020 (COVID-19 Closure) Awaiting advice from County. RR will chase up
2.5.6	The number of signatories on the School Fund accounts should be increased in order to provide sufficient contingency arrangements in the absence of other signatories.	GP	Mrs Cerianne Kieft (SLT) will be added as 3 <sup>rd</sup> signatory to Delegated and School Fund Accounts	RR to liaise with CK and the bank(s) and implement the change	CK took LOA from 04.03.20 then school closed (COVID-19) 20.03.20
2.5.8	The Audit Certificate should include the balance of the account as at the time of the audit. Consideration should be given to using the template in Accounting Instruction No.11.	GP	All future audits will use the template in Accounting Instruction 11. NCL to present this to auditor prior to annual audit	NCL and auditor (then present to Finance Sub-Group)	With immediate effect (from Feb 2020) Next audit of School Fund is Aug 2020 New date: 29.05.20
2.5.9	An audit of the Uniform and Day Nursery accounts should be undertaken prior to closure.	LR	Use the template in Accounting Instruction 11 to audit both accounts.	NCL and auditor (then present to Finance Sub-Group)	By end of April 2020 (COVID-19 Closure) New Date: Aug 2020
2.5.10	The Unofficial School Fund Constitution set out in Accounting Instruction No. 11 should be used. The Constitution should be approved by Governing Body.	MR	NCL to present Accounting Instruction 11 to the Finance Sub-Group for approval	NCL and Finance Sub-Group	By end of April 2020 (COVID-19 Closure) New date: 29.05.20
2.5.11	The monthly reconciliation of the School Fund should be recorded along with evidence of an independent review.	MR	Headteacher to countersign the monthly	RR & NCL	From March 2020 *this account now has a digital ledger managed by RR

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			reconciliation along with Rachel Roberts		
<b>School Meal Income &amp; Free School Meals</b>					
2.6.2	Cash and Cheque income should be paid into the Delegated Account regularly. The required Pro-forma and payment should also be sent to the Cashiers Section promptly.	LR	RR has since actioned this recommendation	RR	With immediate effect (from Feb 2020)
2.6.3	Cash and Cheque collections should be reconciled to 'Fund Deposits Reports' on a weekly basis.	LR	RR has since actioned this recommendation	RR	With immediate effect (from Feb 2020)
2.6.4	The School Meals Dinner Money Policy should be adhered to. Arrears should be cleared prior to the pupil or member of staff leaving the school.	LR	Arrears have now been chased up (past pupils & staff). Arrears to be monitored at least fortnightly	BG and RR	With immediate effect (from Feb 2020)
2.6.4	Any unrecoverable arrears should be transferred to the Discretionary Account when every avenue of recovery has been exhausted.	GP	Arrears to be monitored at least fortnightly. Inform NCL of arrears	BG and RR	With immediate effect (from Feb 2020) RR & BG recovered past pupil & staff arrears. Some were errors whilst some opted for digital transfer to a sibling
2.6.6	The current practice of topping up staff sQuid accounts should be reviewed so only eligible staff receive a free meal.	LR	BG & RR to check with NCL re eligibility. NCL to speak with staff directly to achieve clarity. Staff who volunteer all / part of their lunchbreak to support	BG and RR sQuid advisory	With immediate effect (from Feb 2020) Staff meal is a courtesy in lieu of 0.75 of an hour's salary (approved

REPORT REF	RECOMMENDATION	CLASS (HR; MR; LR; GP)	AGREED ACTION/ COMMENTS	RESPONSIBILITY FOR IMPLEMENTATION	PROGRESS UPDATE 29 <sup>th</sup> MAY 2020
			pupils are eligible (approved by Govs)		by Govs). County now agree this is the best way also
<b>Expenditure</b>					
2.7.2 & 2.7.5	An official order should be raised in advance for all expenditure to ensure that the expenditure is duly authorised and committed promptly to the cost centre. Non-order payments should be restricted to utilities invoices only.  <i>(Previous audit recommendation)</i>	MR	RR has since actioned this recommendation. RR to seek advice from PSO re School Card	RR (plus PSO advice)	With immediate effect (from Feb 2020) All implemented apart from school card. RR awaits advice (difficult with COVID-19 closure)
2.7.3	The Batch Header should be completed in full.	LR	Mrs Edwards (DHT) now signs this, alongside NCL & RR	RR, NCL & RE	With immediate effect (from Feb 2020)
2.7.6	The Cheque Stock Record should be completed and reviewed by an independent person.	LR	This was actioned immediately following Audit feedback. Headteacher signs also	RR & NCL	With immediate effect (from Feb 2020)
2.7.8 a) & b)	A VAT receipt should always be requested at the time of purchase. VAT should only be reclaimed on eligible purchases and only where a valid VAT receipt is held.	LR	This was actioned immediately following Audit feedback.	RR	With immediate effect (from Feb 2020)
2.7.8 a) & b)	Advice should be sought from the VAT Accountant in relation to the wrong treatment of VAT on past purchases.	GP	Rachel spoke with PSO and it is being looked into	RR & PSO	With immediate effect (from Feb 2020) This relates to historic errors re School Card. See 2.7.2 & 2.7.5 above
<b>Inventory</b>					

REPORT REF	RECOMMENDATION	CLASS (HR; MR; LR; GP)	AGREED ACTION/ COMMENTS	RESPONSIBILITY FOR IMPLEMENTATION	PROGRESS UPDATE 29 <sup>th</sup> MAY 2020
2.9.1	<p>Appropriate inventories should be maintained in accordance with Accounting Instruction No. 9. It should be ensured that:</p> <ul style="list-style-type: none"> <li>• Entries are made upon receipt of items.</li> <li>• Full descriptions are recorded inc. make, model &amp; serial number.</li> <li>• Inventory is physically verified annually with an Inventory Certificate completed.</li> <li>• Inventory checks should be recorded.</li> <li>• Approval should be obtained prior to the disposal of any item.</li> </ul> <p><i>(Previous audit recommendation)</i></p>	MR	<p>NCL designed Excel Inventory (Feb 2020) This is to be used to conduct inventory. Inventory and Accounting Instruction 9 to be presented to Finance Sub-Group annually</p>	NCL, RR and GM (Caretaker)	<p>By end of April 2020 This is underway, but (COVID-19 Closure) New date: 01.07.20</p>

## COLOUR CODING

**GREEN** = Fully implemented

**AMBER** = Partially implemented

**RED** = To be implemented

Correct at 29.05.20

Mr N Craven-Lashley, Headteacher

Ms Rachel Roberts, Senior Office Administrative Assistant