

# BRACKNELL FOREST DRAFT INTERNAL AUDIT REPORT

## COLLEGE TOWN PRIMARY SCHOOL

**22<sup>nd</sup> JULY 2019**

Prepared by: Callum Varrall  
Reviewed by: Brian Welch  
Date Fieldwork Completed: 19<sup>th</sup> June 2019  
Date of Draft Report: 11<sup>th</sup> July 2019  
Date of Final Report: 22<sup>nd</sup> July 2019

### **Status of our reports**


This report ("Report") was prepared by Mazars LLP at the request of Bracknell Forest Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Bracknell Forest Council and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Please refer to the Statement of Responsibility in Appendix B of this report for further information about responsibilities, limitations and confidentiality.

# Final Internal Audit Report 2019/20 – College Town Primary School

## Section 1- Executive Summary

<div>Overall Opinion</div> <div>ADEQUATE</div> <div>See Appendix A for definitions</div>	<div>Exit Meeting</div> <div>Held with the School Business Manager and Head Teacher on the 19<sup>th</sup> June 2019.</div>	<div>Progress on Implementation of Recommendations in Previous Audit Report</div> <div>Five out of six recommendations from the last audit had been implemented. The remaining recommendation has been re-raised in relation to goods received checks.</div>	<div>Recommendations Raised in the Current Audit</div> <table><tr><td></td><td>PRIORITY</td><td></td></tr><tr><td></td><td>Critical</td><td></td></tr><tr><td></td><td>Major</td><td></td></tr><tr><td></td><td>Moderate</td><td>4</td></tr><tr><td></td><td>Low</td><td>1</td></tr></table>		PRIORITY			Critical			Major			Moderate	4		Low	1
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	Major																	
	Moderate	4																
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<div>Direction of Travel Since Last Audit</div> <div>↔ 2014/15</div>	<div>Scope of the Review and Limitations</div> <div>The objective of the audit as set out in detail in Section 3 was to evaluate the controls in place within the School with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice.</div>																	
<div>Key Findings Identified</div> <div>No critical or major recommendations have been raised. We have raised three moderate recommendations relating to goods received checks, purchase orders, and fraud health checks.</div> <div>Key Risks Identified</div> <div>No critical or major risks identified.</div>	<div>Outcome against Audit objectives and Number of Recommendations</div> <div></div> <div><table><tr><td></td><td>Good</td></tr><tr><td></td><td>Adequate</td></tr><tr><td></td><td>Partial</td></tr><tr><td></td><td>Inadequate</td></tr><tr><td></td><td>None</td></tr></table><div>See Appendix A for definitions</div></div>				Good		Adequate		Partial		Inadequate		None					
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	None																	

## Section 2- Recommendations and Management Action Plan

FINDING	RISK	RECOMMENDATION	OFFICER RESPONSIBLE	MANAGEMENT RESPONSE TO RECOMMENDATION
<b>1. Governor DBS Checks</b>				<b>PRIORITY - MODERATE</b>
<p>Under the School Governance (Constitution and Federations) (England) (Amendment) Regulations 2016, where a Governor is elected or appointed on or after 1<sup>st</sup> April 2016 and does not hold an enhanced criminal record certificate, the Governing Body must apply for such a certificate in respect of that Governor within 21 days after his or her appointment or election.</p> <p>In one of three cases where the Governor started after the 1<sup>st</sup> April 2016, the DBS application had not been made within 21 days of appointment. In this instance the Governor, who had originally been DBS checked, had left the role prior to 1<sup>st</sup> April 2016 and re-joined the School after 1<sup>st</sup> April 2016 and there had been a delay in the Clerk informing the SBM of the re-appointment (and the need to subsequently re-apply for a DBS check).</p>	Where Governors have left their role and returned and the Clerk does not notify the SBM, there is a risk that the DBS checks are not applied for within the statutory 21 days from appointment.	DBS checks should be applied for all Governors within the statutory 21 days.	School Business Manager	Agreed.
				<b>Target Date for Implementation</b>
				Immediate

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FINDING	RISK	RECOMMENDATION	OFFICER RESPONSIBLE	MANAGEMENT RESPONSE TO RECOMMENDATION
<b>2. Goods Received Checks</b>				<b>PRIORITY - MODERATE</b>
<p>According to the documented financial procedures of the School "on receipt of a delivery the items should be checked against the delivery note by a member of the admin staff, either the secretary or the finance assistant". This is normally evidenced through either a signature on the delivery note or completing a delivery check note that is stapled to the invoice and purchase order.</p> <p>In one of eight applicable cases tested, there was no evidence of a goods received check having been completed by a member of staff from the School. In this instance, the goods had been delivered during the school summer holidays.</p> <p>A similar issue relating to goods received checks was raised in the last audit report in 2014/15.</p>	Where goods received checks are not completed, there is a risk that goods purchased will not be complete or incorrect goods will be received.	Where delivered during a school holiday, or as an emergency, and the relevant staff are not available, other staff members should be authorised to receive goods to ensure that the goods received check still occurs and the correct goods are delivered.	School Business Manager	<p>Normally a school goods received form would be used when there is no supplier delivery note. Couldn't in this case was due to refurbishment so no access to paperwork and IT.</p> <p>As discussed with Internal Audit if exceptional circumstances occurred again a delivery check note would be added retrospectively.</p>
				<b>Target Date for Implementation</b>
				Immediate

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FINDING	RISK	RECOMMENDATION	OFFICER RESPONSIBLE	MANAGEMENT RESPONSE TO RECOMMENDATION
<b>3. Raising of Purchase Orders</b>				<b>PRIORITY - MODERATE</b>
From a sample of ten purchases selected for testing, in nine instances audit would have expected there to be a purchase order. For three of these cases, the purchase order had been raised retrospectively of the invoice being received.	Where official orders are not raised and authorised prior to purchases being made, there is a risk that the authorisation and commitment processes are by-passed, which could result in inappropriate purchases and poor budgetary control.	Where costs relating to transactions can be identified in advance, management should ensure that details of the financial commitments are subject to purchase orders prior to initiating the purchases.	School Business Manager	<p>In normal circumstances all PO's are raised in advance. In all of these cases we were unable to do so due to unusual circumstances. Amalgamation and new IT system meant FMS was not available over the summer. To ensure audit trail and segregation of duties orders were added retrospectively. Agreed with audit that in those isolated instances where a purchase order cannot be raised in advance, this is correct process. Third order was for a subscription where invoice was sent with the quote but school not committed to purchase at this point. Order then raised and normal process followed.</p>
				<b>Target Date for Implementation</b> Immediate

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FINDING	RISK	RECOMMENDATION	OFFICER RESPONSIBLE	MANAGEMENT RESPONSE TO RECOMMENDATION
<b>4. Claimant signature for expenses claims</b>				<b>PRIORITY - MODERATE</b>
<p>It was found that for four of the five expenses claims that were tested, the expense form had not been signed by the individual claiming the expense.</p> <p>This was found to be due to the fact that there was no area on the expenses claim form that specified a claimant signature.</p>	<p>Where expenses claims are not signed by the individual that is claiming the expense, there is a risk that disputes with regards the payment may not be easily resolved.</p>	<p>The expenses claim form should be amended to require the claimant to provide a signature, prior to the expense being approved.</p>	<p>School Business Manager</p>	Agreed.
				<b>Target Date for Implementation</b>
				Immediate

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FINDING	RISK	RECOMMENDATION	OFFICER RESPONSIBLE	MANAGEMENT RESPONSE TO RECOMMENDATION
<b>5. Fraud Health Check</b>				<b>PRIORITY - LOW</b>
<p>A fraud health check was completed by the School in September 2016. It was found that this had not been formally reviewed and presented to the Governing Body since it was last presented to the Governing Body in 2016.</p> <p>Following the amalgamation of the Junior and Infant Schools, there has been no subsequent revisit of the fraud health check.</p>	<p>Where there has been a significant period of time and / or a reorganisation since the last fraud health check, there is a risk that the control framework of the School may have changed.</p>	<p>The School should revisit the Fraud Health check for the newly amalgamated schools and present the findings to the Governing Body.</p>	<p>School Business Manager</p>	Agreed.
				<b>Target Date for Implementation</b>
				September 2019

## Section 3 – Audit Objectives

The audit focused on the following areas:

- Governance and Financial Management
- Budget Setting and Monitoring
- Staffing, Payroll & Personnel Records
- Purchasing including Imprest Account and Procurement
- Petty cash (if applicable)
- Inventory & Security
- School Private Fund
- Security of Data
- Lettings' & Other Income
- Fraud risks and mitigating controls
- Previously identified weaknesses.



## Section 4 - Report Distribution

Staff Interviewed	Draft Report Distribution	Final Report Distribution
<ul style="list-style-type: none"> <li>● Trudi Sammons – Head Teacher</li> <li>● Cath Wadsworth – School Business Manager</li> </ul>	<ul style="list-style-type: none"> <li>● Trudi Sammons – Head Teacher</li> <li>● Cath Wadsworth – School Business Manager</li> <li>● Paul Clark – Finance Business Partner</li> <li>● Sally Hendrick, Head of Audit and Risk Management</li> <li>● Michele Woodhatch, Internal Audit Contract Manager</li> </ul>	<ul style="list-style-type: none"> <li>● Trudi Sammons – Head Teacher</li> <li>● Cath Wadsworth – School Business Manager</li> <li>● Paul Clark – Finance Business Partner</li> <li>● Nikki Edwards – Executive Director: People</li> <li>● Stuart McKellar – Director: Finance</li> <li>● Sally Hendrick, Head of Audit and Risk Management</li> <li>● Michele Woodhatch, Internal Audit Contract Manager</li> <li>● Justine Thorpe, Ernst &amp; Young</li> </ul>

## Appendix A Reporting Definitions

### Assurance Gradings

We categorise our **audit opinion** according to our assessment of the controls in place and the level of compliance with these controls as follows:

	Good - There is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to the achievement of objectives and this is being complied with. Recommendations will only be of low priority.
	Adequate - there is basically a sound system of control but there are some areas of minor weakness and/or some areas of non-compliance which put the system/process objectives at risk. Recommendations will only be low or moderate in priority.
	Partial - there are areas of weakness and/or non-compliance with control which put the system/process objectives at risk and undermine the system's overall integrity. Recommendations may include major recommendations but could only include critical priority recommendations if mitigated by significant strengths elsewhere.
	Inadequate - controls are weak across a number areas of the control environment and/or not complied with putting the system/process objectives at significant risk. Recommendations will include major and/or critical recommendations
	None - There is no control framework in place and management is inadequate leaving the system open to risk of significant error or fraud.

### Recommendation Gradings

We categorise our **recommendations** according to their level of priority as set out below:

	Critical - Critical and urgent in that failure to address the risk could lead to factors such as significant financial loss, significant fraud, serious safeguarding breach, critical loss of service, critical information loss, failure of major projects, intense political or media scrutiny. Remedial action must be taken immediately.
	Major - failure to address issues identified by the audit could have significant impact such as high financial loss, safeguarding breach, significant disruption to services, major information loss, significant reputational damage or adverse scrutiny by external agencies. Remedial action to be taken urgently.
	Moderate - failure to address issues identified by the audit could lead to moderate risk factors materialising such as medium financial loss, fraud, short term disruption to non-core activities, scrutiny by internal committees, limited reputational damage from unfavourable media coverage. Prompt specific remedial should be taken.
	Low - failure to address issues identified by the audit could lead to low level risks materialising such as minor errors in system operations or processes, minor delays without impact on service or small financial loss. Remedial action is required.

## **Appendix B - Statement of Responsibility**

We take responsibility to Bracknell Forest Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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