



## **Devon Audit Partnership**

---

The Devon Audit Partnership has been formed under a joint committee arrangement comprising Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards (PSIAS) along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all. If you have any comments or suggestions on our service, processes or standards the Head of Partnership would be pleased to receive them at [Robert.Hutchins@devonaudit.gov.uk](mailto:Robert.Hutchins@devonaudit.gov.uk)

## **Confidentiality and Disclosure Clause**

---

This report is protectively marked in accordance with the National Protective Marking Scheme. Its contents are confidential and, whilst it is accepted that issues raised may well need to be discussed with other officers within the Local Authority, the report itself should only be copied, circulated or disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

## 1 Introduction

---

The Governing Body has responsibility for the governance of the School with a view to promoting high standards of educational achievement. Strategic and operational management is delegated to the Headteacher, who in practice is responsible for the financial controls in the School. In addition, the County Treasurer of Devon County Council has a statutory responsibility to ensure that all financial systems are secure. This is achieved by maintaining an effective internal audit service, which will report and give an objective opinion to the Governing Body and Local Authority.

In accordance with these requirements, an audit including a review of the most recent submission of the Schools Financial Value Standard (SFVS) self-assessment was completed at the School on the 29 November 2016.

## 2 Audit Opinion

---

Our opinions are based on the evaluation of system controls, review of documentary evidence and the results of testing a sample of transactions. Our overall opinion for the School and our assessment of the SFVS is described below. The table in Appendix A1 shows the level of assurance we can give in respect of each area reviewed.

**High Standard** - The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.

**SFVS Confirmed** - In our opinion, the School has provided sufficient evidence to support the latest submission of their self-assessment to the Local Authority. There are no significant matters arising from our review of this assessment. Any recommendations we have made in Appendix A2 serve to strengthen the already sound financial management procedures in place. These recommendations should be considered as part of the School's next review of their self-assessment.

A definition of the different audit assurance opinion levels is given in Appendix B of this report.

## 3 Executive Summary

---

In carrying out the audit visit it was clearly demonstrated that the Headteacher, the School Administrator and the Governing Body have a sound grasp of the processes and procedures for managing the School. Consistently documentation was found to be completed promptly in accordance with a clear annual cycle of business.

The Schools Financial Value Standard is a simple statement of what a maintained school that is financially well managed should look like. Schools are required to submit an annual self-assessment, signed by the Chair of Governors, to the Local Authority by 31st March. As the School submitted their self-assessment by the due date, we confirm that the School was included as one of the schools in the Local Authority's assurance statement sent to the Department for Education (DfE).

Effective financial management is essential so that the School can make the most of their resources, demonstrating value for money, exercise proper controls over significant amounts of public money delegated to them, and allocate resources effectively to meet priorities for development and improvement.

The review of the latest SFVS self-assessment together with the supporting documentary evidence suggests that the Governors and staff have a good understanding of the requirements for financially managing the School. Some recommendations have been made and should be considered as part of the next review of the self-assessment.

The core financial and administrative systems that are in operation at the School are maintained at a high standard of effectiveness and further improvements have been made since the issue of the last internal audit report. This is to the credit of those staff involved.

In the assurance opinions, where "High Standard" has been given, systems were found to be working well and have sound controls a "Good Standard" indicates the systems that are generally operating well with only minor or a small number of enhancements required.

The detailed findings and recommendations regarding the audit and less important matters are described in Appendix A2. Recommendations have been categorised to aid prioritisation. Definitions of the priority categories are shown in Appendix B together with the definitions of the assurance opinions. Appendix C to this report identifies those elements of the SFVS that are met and those deemed to be 'in part' or 'not'.

## **4 Issues for the Schools Financial Value Standard**

---

The evidence obtained in internal audit reviews can identify issues in respect of risk management, systems and controls that may be relevant to the Schools Financial Value Standard.

No issues were identified that would warrant inclusion in the Annual Governance Statement.

## **5 Scope and Objectives**

---

The audit considered the latest SFVS self-assessment submitted to the Local Authority and the system control self-assessment completed by the school as part of the audit preparation. Also, the recommendations presented in the previous audit report were reviewed together with their subsequent implementation.

Using the Partnership's internal audit programmes for maintained schools, this audit concentrated on the internal financial control framework required for effective financial and operational management.

The Governing Body and Headteacher should record, and jointly acknowledge, any comments they wish to make in the management response column of the Action Plan in Appendix A2 and return a copy to Martin Woolcott, (martin.woolcott@devonaudit.gov.uk) or edaudit@devonaudit.gov.uk, within 4 weeks.

The final report will issued to the Headteacher and Chair of Governors. The appropriate committee of the Governing Body should consider the report and ensure that the recommendations are implemented. In addition, the final report will be made available to the Local Authority.

## **6 Inherent Limitations**

---

The opinions and recommendations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

## **7 Acknowledgements**

---

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of this audit review.

**Robert Hutchins**  
**Head of Audit Partnership**

## **Assurance Opinion on Specific Sections**

---

The following table summarises our assurance opinions on each of the areas covered during the audit. These combine to provide the overall assurance opinion at section 2. Definitions of the opinions can be found in Appendix B.

<b>Areas Covered</b>	<b>Level of Assurance</b>
A The Governing Body and School Staff	High Standard
B Setting the Budget	High Standard
C Value for Money	High Standard
D Protecting Public Money	High Standard
E Policies and Documents	High Standard
F Purchasing and Payment systems	Good Standard
G Personnel and Payroll	Good Standard
H Single Central Record and Safeguarding Return	Good Standard
I Income Collection & Banking	High Standard
J Inventory	High Standard
K Off - Site Activities	High Standard

**Detailed Audit Observations and Action Plan**

F Purchasing and Payment systems				Level of Assurance
<p><b>Opinion Statement:</b>                      Effective controls over expenditure are a key component of budget management. Standard procedures would include the use of requisition forms to demonstrate appropriate authorisation and purchase orders to facilitate monitoring of committed expenditure via SIMS. Where used, these procedures were working well, however the level of non-order payments was found to be higher than necessary. This has an impact on the ability to accurately monitor the budget and commitments, which may in turn expose the School to unanticipated overspends.</p>				<b>Good Standard</b>
No.	Observation and implications	Recommendation	Priority	Management response and action plan including responsible officer
1	The level of payments that were made without creating a purchase order was found to be at 21% in the sample reviewed. Examples of "Non-order" payments were payments to Fords, Axe Valley Wildlife, Escot and Primary Sports Education.	The School should reduce number of transactions that are processed as non-order transactions. Staff should be encouraged to complete a requisition form in areas where non-orders were identified.	Low	We have not been raising orders for items that are not commitments for school eg coach, educational visits (parents pay by donation). In order to reduce the % we will raise orders for such items. Responsible officer – Judy Davey

<b>G Personnel and Payroll</b>				<b>Level of Assurance</b>
<p><b>Opinion Statement:</b>            The systems for payroll and personnel were found to be well maintained overall, and the systems were generally meeting their objectives, hence a good standard of assurance being provided in this area.</p> <p>The School's personnel files reviewed were also well maintained overall although some files did not consistently contain information confirming that all relevant employment checks had been carried out. A review of all personnel files should be completed by the School in order to ensure that all files, wherever possible, contain the appropriate and complete documentation.</p> <p>It was noted that the School has not suffered from absenteeism and that the use of supply teachers was not prevalent, as the Headteacher and existing staff can cover. In noting this, testing was not carried out in this area.</p>				<b>Good Standard</b>
No.	Observation and implications	Recommendation	Priority	Management response and action plan including responsible officer
1	Two of the five sampled personnel files did not contain occupational health forms.	The School Personnel files should be reviewed in order to ensure that wherever possible all contain the appropriate pre-recruitment and eligibility documentation.	Medium	We have reviewed all personnel files and will address all missing pre-recruitment documentation. Responsible officer – Judy Davey

<b>H Single Central Record and Safeguarding Return</b>				<b>Level of Assurance</b>
<p><b>Opinion Statement:</b>            A review of the School single central record highlighted that one of the mandatory fields is not currently included in the central database. Attention must therefore be given as a matter of priority to ensure that all of the mandatory information is recorded in the record for all staff, governors, supply and volunteers. This is not only a key safeguarding control but the School may be exposing themselves to risk of an adverse OFSTED in which safeguarding is a limiting factor during an inspection.</p> <p>To assist the School they should adopt the single central record template from Babcock Education Services as soon as possible.</p>				<b>Good Standard</b>
No.	Observation and implications	Recommendation	Priority	
1	Although the School uses its own single central record, it should adopt and use the template recorded provided by Babcock in order to ensure that it is comprehensive in all areas.	By using the single central record template from Babcock, the School will comply with the recommended safeguarding guidelines.	Medium	Management response and action plan including responsible officer The Babcock template has been obtained and all information will be transferred over as soon as practical. Responsible officer – Judy Davey
2	The "Date started with School" was missing from the single central record.	By using the recommended template, all mandatory fields as required by safeguarding guidelines will be completed.	Medium	Responsible officer – Judy Davey This column has now been added.

## Definitions of Audit Assurance Opinion Levels

Assurance	Definition
High Standard.	The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.
Good Standard.	The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.
Improvements required.	In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.
Fundamental Weaknesses Identified.	The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

## Definition of Recommendation Priority

Priority	Definitions
High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations have been made to improve internal control arrangements and manage identified risks.
Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary, or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.
Opportunity	A recommendation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These recommendations do not feed into the assurance control environment.

## Confidentiality under the National Protective Marking Scheme

---

<b>Marking</b>	<b>Definitions</b>
Official	The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
Secret	Very sensitive information that justifies heightened protective measures to defend against determined and highly capable threat actors. For example, where compromise could seriously damage military capabilities, international relations or the investigation of serious organised crime.
Top Secret	The most sensitive information requiring the highest levels of protection from the most serious threats. For example, where compromise could cause widespread loss of life or else threaten the security or economic wellbeing of the country or friendly nations.

## Schools Financial Value Standard Position

SFVS	Assessment Confirmed	Recommendation
<b>A The Governing Body and School Staff</b>		
A.1 The Governing Body has 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	
A.2 The Governing Body has a finance committee (or equivalent) with clear terms of reference and a knowledge and experienced chair.	Yes	
A.3 There is a clear definition of the relative responsibilities of the Governing Body and the School staff in the financial field.	Yes	
A.4 The Governing Body receives clear and concise monitoring reports of the School's budget position at least three times a year.	Yes	
A.5 The business interests of the Governing Body members and staff are properly registered and taken into account so as to avoid conflicts of interest.	Yes	
A.6 The School has access to an adequate level of financial expertise, including when specialist finance staff are absent, e.g. on sick leave.	Yes	
A.7 The School reviews its staffing structure regularly.	Yes	
A.8 Pay decisions have been reached in accordance with a pay policy reflecting clear performance criteria.	Yes	
A.9 The use of professional independent advice has informed part of the processes in relation to Headteacher pay decisions.	Yes	
<b>B Setting the Budget</b>		
B.10 There is a clear and demonstrable link between the school's budgeting and its plan for raising standards and attainment.	Yes	
B.11 The School makes a forward projection of budget, including both revenue and capital funds, for at least three years, using the best available information.	Yes	
B.12 The School sets a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit).	Yes	
B.13 The end of year outturn is in line with budget projections, or if not, the Governing Body is alerted to significant variations in a timely manner, and they result from explicitly planned changes or genuinely unforeseeable circumstances.	Yes	
<b>C Value for Money</b>		
C.14 The School benchmarks its income and expenditure annually against that of similar schools and investigates further where any category appears to be out of line.	Yes	
C.15 The School has procedures for purchasing goods	Yes	

SFVS	Assessment Confirmed	Recommendation
and services that both meet legal requirements and secure value for money.		
C.16 Balances are at a reasonable level and the School has a clear plan for using the money it plans to hold in balances at the end of the year.	Yes	
C.17 The School maintains its premises and other assets to an adequate standard to avoid future urgent need for replacement.	Yes	
C.18 The School considers collaboration with others, e.g. on sharing staff or joint purchasing, where that would improve value for money.	Yes	
C.19 The School can give examples of where it has improved the use of resources during the past year.	Yes	
<b>D Protecting Public Money</b>		
D.20 The Governing Body is sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the Governing Body.	Yes	
D.21 There are adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers.	Yes	
D.22 Staff are aware of the School's whistleblowing policy and to whom they should report concerns.	Yes	
D.23 The School has an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return.	Yes	
D.25 The School has an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance.	Yes	