Audit Guidance for Schools

REGIONAL INTERNAL AUDIT SERVICE /
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Contents

Section 1 - Introduction

1.1 To assist with the operation of financial systems within schools, Internal Audit has compiled these guidelines which aims to provide guidance on internal systems and controls.

1.2 The Council's Constitution, as contained on Staffnet, is the overarching governance document that should be consulted for all aspects of core activities. In addition, there are relevant Financial Procedures Rules and associated Financial Procedure Notes, Contract Procedure Rules and the Procurement Code of Practice along with the Finance Scheme for Schools. These documents are also available on Staffnet and all schools should refer to these documents periodically to ensure they remain aware of their contents and comply to any mandatory requirements.

1.3 The following pages on Staffnet provide further guidance: -

- Finance
- Human Resources

Section 2 - Governance

2.1 The Governor Support Unit provides a framework of best practice for school governing bodies and governors to effectively fulfil their roles including training and guidance.

2.2 The Governing Body can determine the extent to which it wishes to delegate its financial powers to the Headteacher, and such decisions must be recorded in the minutes of the Governing Body meeting as per the Finance Scheme for Schools. The Governing Body are required to scrutinise and approve the annual budget plan and record this decision in the minutes of the Governing Body.

2.3 The following documentation is to be held at schools and made available to Internal Audit upon request: -

- Instrument of Government and the up-to-date composition of Governing Body.
- Written verification (Terms of Reference) outlining the roles and responsibilities of both the Headteacher and Governing Body, with clear limits of delegated authority identified for all Governing Body Committees. (this should include financial delegations)
- All Governing Bodies must have the following statutory committees:
  - Staff disciplinary and dismissal

    - Disciplinary and dismissal appeal
    - Pupil discipline and exclusions
    - Admissions (foundation and voluntary aided schools only)

- A register that lists, for each member of the governing body and the Headteacher, any business interests they or any member of their immediate family have. This should be amended when required and reviewed annually.

- Governing Body meeting minutes.

- A list of School Policy Documents and review dates.

2.4 In order to contribute to the Annual Governance Statement of the Council, Headteachers and Chair of Governors will be required to certify annually their responsibility in maintaining and operating the school in accordance with the Council's procedures and practices that uphold the internal control and assurance framework and the Finance Scheme for Schools.

Section 3 – Staff & Safeguarding Arrangements

3.1 The Council's Safer Recruitment, Safeguarding and associated policies and guidance must be applied. The Headteacher should give approval for, and Human Resources should be notified immediately of:

- Appointments, resignations, dismissals, suspensions, secondments and transfers;
- Absences from duty for sickness or other reasons (apart from approved leave).

Copies of the appropriate documentation should be held at the school.

3.2 A staff register should be maintained of all staff employed at the school and retained for inspection.

3.3 All schools seeking to access the Disclosure and Barring Service [DBS] to help assess the suitability of applicants for positions of trust and who are recipients of disclosure information must comply fully with the DBS Policy, DBS procedure and guidelines. These are available on staffnet under Human Resources policies.

3.4 DBS checks must be renewed on a 3 yearly basis for positions which are either regulated by the Care Inspectorate Wales or requiring registration with Social Care Wales. The Council does not have a requirement for specific time frames for other renewals to be carried out. This is because the Council as an organisation is very diverse and a blanket renewal policy would not be consistent with the law concerning

DBS checks. However, within the guidance there is information on what managers should consider in relation to whether a renewal is appropriate.

Section 4 – Health & Safety / Management of Buildings

4.1 Headteachers should, in liaison with the Governing Body, ensure the health, safety and welfare of employees, pupils and others who may be affected by the school premises or activities. There should be a nominated officer responsible for premises related Health & Safety who ensures relevant risk assessments are in place and up to date. Key responsibility for statutory obligations in relation to the buildings lies with the person having control.

4.2 Headteachers and Governors should be aware of and ensure compliance to the Health and Safety Policies and Procedures that are on the staffnet.

Section 5 – Budgetary Control

5.1 The school budget should be regularly reviewed using the monitoring statements and any discrepancies identified and rectified as soon as possible.

5.2 The Governing Body should receive periodic monitoring reports, including details of any reserves, to ensure they are fully aware of budget position. Updates on the school budget provided to the Governing Body should be clearly evidenced in Governing Body meeting minutes.

Section 6 – Ordering, Payments & Procurement

6.1 The Council's Procurement Code of Practice (PCoP), as contained on Staffnet, should be adhered to in all aspects of procurement. The Council's Procurement Guidance for Schools should be followed in conjunction with this.

6.2 Orders must be authorised by an approved Officer (usually the Headteacher or Deputy as per the delegated authority) prior to being placed. There is a Purchase Order template available from Learning and Skills Finance to capture the required information. This is:

- unique purchase order number
- supplier name
- cost centre and detail code
- item description,

- price per item,
- quantity
- total price
- goods received.

This is not required for trade/business accounts i.e. Amazon and for non-orders of supply agency, utilities and annual subscriptions.

6.3 A division of duties is necessary within the system, i.e.) more than one person should be involved in the ordering and payment process.

6.4 Orders outstanding for more than 2 months should be investigated and the appropriate action taken.

6.5 Deliveries should be recorded as goods are received and delivery notes retained with the relevant copy order.

6.6 Invoices should be checked on receipt to the original orders and once satisfied correct must be authorised in line with the schools approved spending limits and coded with the school's cost centre, detail code and correct VAT code.

6.7 Once authorised invoices are to be input onto Fusion for payment with the invoice itself added as an attachment. The purchase order can also be added to Fusion with the invoice at this time for record retention.

6.8 For audit purposes the school will need to retain electronically or in paper format the authorised purchase order, delivery note and authorised invoice which evidence that goods purchased have been authorised by approved staff members in line with agreed spending limits.

Section 7 – Purchasing Card

7.1 The Council's Purchasing Card Guidance for Schools, available on Staffnet, should be adhered to. The Purchasing Card is a charge card issued by the bank to authorised School Cardholders and must be signed on receipt by the Cardholder. Each School Cardholder will be issued with a Personal Identification Number.

7.2 According to Purchasing Card Guidance for Schools 1.9 School Cardholders will be empowered to order goods and services directly for business purposes agreed in advance and from preferred suppliers and shall be responsible for the reconciliation of all associated VAT records and delivery notes.

7.3 The delegated limit of School Cardholders will be decided by the Headteacher and the Governing Body and must be documented.

7.4 The Purchasing Card must be kept securely and only be accessible to the School Cardholder. It is recommended that if the card is not used frequently, it is locked away i.e., in a safe. If used frequently the card should be kept in the purse/wallet of the cardholder.

7.5 The Transaction Log available on StaffNet must be used to record every Purchasing Card Transaction. The Transaction Log and all supporting documentation must be kept for a minimum of 6 years for audit and VAT purposes. All receipts/invoices must all be loaded to Barclaycard Spend Management. All delivery notes and receipts (including VAT receipts) must be retained with the Transaction Log. Any discrepancy between the Transaction Log and the bank statement should be fully explainable and evidenced.

7.6 The School Cardholder must review their online statement at least weekly which will entail reconciling transactions to the log and investigating discrepancies. The Headteacher/approver must review the Cardholders online statements weekly and ensure all transactions are authorised by the 10th of the month.

7.7 Personal loyalty cards must not be used for transactions; where suppliers automatically enrol purchases into loyalty schemes, accounts must be registered to the school and any rewards used solely for school purposes.

Section 8 – Expense Claims (Fusion)

8.1 Expense claims made via Fusion are intended for personal staff expenses only such as mileage claims, eye tests and professional fees where applicable.

8.2 Items such as equipment, subscriptions, food, refreshments and hotel stays should not be purchased on personal credit / debit cards and reclaimed via Expenses – a Council Purchasing Card should be used which would allow VAT to be reclaimable.

8.3 Personal loyalty benefits must not be gained on school transactions.

Section 9 – Imprest / Petty Cash Accounts

9.1 As per Financial Procedure Note 3 available on the staffnet, imprest/petty cash accounts should be used for petty disbursements or minor purchases and not for such things as travel expenses or subsistence allowance. Wherever possible the Council's Fusion or Procurement Card should be utilised. Any changes to Imprest/petty cash accounts in relation to change of signatories, imprest/petty cash amount, closure etc. should be directed to accountsonevale@valeofglamorgan.gov.uk.

9.2 The officer responsible for an imprest/petty cash account shall, as at 31st March each year, and at any other time if so required, provide to the Head of Finance / Section 151 Officer, a certificate as to the state of the imprest account. (Financial Procedure Rules 17.25)

9.3 When the cash balance dictates a PC1 claim for reimbursement must be completed and submitted via Fusion

9.4 VAT must be correctly reclaimed and only where a valid VAT receipt is held.

Section 10 – School Income

10.1 As per the Finance Scheme for Schools Section 5, schools will be able to retain income from lettings of school premises that would otherwise accrue to the Council. All income from the letting of school premises is to be paid into the school's budget and NOT the unofficial fund.

10.2 Where the school premises are let the school should ensure the lessee has up to date liability insurance and a contract/letting agreement in place. This should be re-checked annually.

10.3 All other official income received by the school i.e. 3rd party grants and NQT funding must also be paid into the school budget account and NOT the unofficial fund.

10.4 Appropriate records should be maintained for all income received to ensure a clear audit trail exists. Where ParentPay is used to collect income, is it important that at minimum two members of staff are trained on this system.

Section 11 – Grant Funding

11.1 Grant funding should be utilised in accordance with the Terms & Conditions applied with adequate records maintained that clearly account for all transactions. A mandatory Financial Procedure Note (FPN8) applies to Grant Funding that can be located on Staffnet. Where the school fails to comply with grant terms & conditions there is a risk that funds may be clawed back at cost to the Council or school. The school should ensure that:

- All grant expenditure should be recorded on a separate cost centre code. Grant claims/returns are submitted in a timely manner and in accordance with terms & conditions.
- All documentation supporting a grant claim is retained in accordance with the terms and conditions of the grant.

Section 12 – School Unofficial Fund

12.1 In accordance with the Authority's Financial Procedure Rules 17.27.4. the Head of Finance or representative shall have access to any unofficial fund including access to all cash and relevant documentation.

12.2 Proper records of income & expenditure, receipts and invoices must be retained and there should be a minimum of three signatories on all accounts, with two signatures required per cheque.

12.3 In compliance with the Finance Scheme for Schools and the School Unofficial Fund Guidance Notes, all accounts should be independently audited annually (ideally covering the period 1st September to 31st August).

12.4 An annual statement of accounts and audit certificate should be provided (and recorded in full Governing Body minute meetings) to the Governing Body and retained for Internal Audit inspection. The audit certificate should include:

- Name of the school
- The date the audit was completed
- The signature and printed name of the Auditor(s).
- The period the audit relates to.

An audit certificate template is available on Staffnet and in the School Unofficial Fund Guidance Notes.

12.5 A copy of the annual audit certificate, checklist and August bank statement is required to be sent to Learning & Skills Finance by 31st January every year.

12.6 The Full Governing Body should be updated on the Unofficial Fund at least annually and this should be recorded in meeting minutes. The Full Governing Body should be updated on any fund signatory changes.

12.7 The Unofficial Fund must be used for the benefit of the pupils. Below are examples of activities which fall within and outside of the scope of the school Unofficial Fund:

Activites within the scope of the Unofficial Fund	Activities not within the scope of the Unofficial Fund
Concerts, Discos, Dances Donations Pupil's Christmas Parties Raffles, Prizes, Charity Collections School Trips and Activities	Leaving gifts or presents i.e. flowers Staff Parties or Meals Staff Saving Clubs Alcohol Examination Fees Staff Refreshments

12.8 For purchases financed by unofficial funds via the budget, VAT may be reclaimed provided that:

- The School has made the purchase itself (through Fusion/P Card)
- The School retains ownership of the purchase, it is used for educational purposes and added to the school's asset register;
- The School keeps sufficient records of the purchase - and the purpose for which the donation is made.

Section 13 – School Meals

13.1 All Primary school children are currently entitled to free school meals. The number of free meals requested on a daily basis should be clearly recorded and should not exceed the total number of pupils entitled in attendance.

13.2 Secondary school pupils should only receive a free school meal if the school has confirmation from the Benefits Section of entitlement. The school must be able to identify the number of free school meals provided each day. For all other school meals provided there must be a system in place to collect and record payment. Any cash collected must be securely stored and promptly banked with insurance limits observed.

13.4 All schools must ensure there is an effective means of recording all staff meals and collecting the income for these.

Section 14 - Inventory

14.1 An inventory is an important record of the school's furniture and equipment and is relied upon by the Authority's Insurance brokers in the event of a claim.

14.2 A comprehensive inventory of all furniture and equipment including ICT equipment should be maintained in accordance with the Financial Procedure Rules 17.14 and

Financial Procedure Note 7 - Inventories and Disposal of Obsolete Items located on Staffnet.

14.3 As a guide the following applies:

- Goods should be entered as received/moved/written off.
- A signed and dated stock check should be undertaken annually.
- Date and purchase price of item.
- Serial numbers should be recorded where applicable.
- A copy of the inventory should also be stored online or offsite.
- All expensive items should be security marked e.g. with the school name / postcode; and this should be noted in the inventory accordingly.
- Any written off items should be disposed of in accordance with current policy and authorised by the Head teacher or relevant chief officer/governing body.

Section 15 – Computer Systems

15.1 Schools should comply with the ICT Code of Conduct which can be found on the Staffnet.

15.2 Each user is required to have a unique User ID and password. This particularly applies to schools that employ more than one Admin Officer. Staff must not divulge their user logon account details, including user IDs and passwords, or allow any other member of staff to use their logon details to access any system. This is important for identification on the audit trail. All passwords should be changed at least termly or as prompted by the system. There should be a mechanism in place to avoid unauthorised access to data when the computer is left unattended.

15.3 Backups should be undertaken in line with ICT recommendations.

Section 16 – PLASC Return

16.1 The information recorded on the PLASC Return should match the information recorded on the class attendance registers and numbers on roll as at the enumeration date. This information should also reconcile to records maintained on the pupil database.

16.2 PLASC returns should be authorised by the Headteacher and sent to the local authority who will then send it on to the Welsh Government. Schools should use the secure transfer website for Wales, the Data Exchange Wales initiative (DEWi), to submit their PLASC files.

Section 17 – Retention of Records

17.1 The Records Management Society of Great Britain have produced retention guidelines for Schools (RGS), and this is to be used in conjunction with the Authority's Corporate Retention Schedule found on the Council's Staffnet linked to Freedom of Information.

Section 18 – Organised School Visits

18.1 The school must comply with Outdoor Education Advisers' Panel (OEAP) guidelines endorsed by the Welsh Government or school related trips and visits and ensure that appropriate risk assessments have been carried out.

18.2 Where pupils embark on a legitimate school trip or visit, VAT may be reclaimed providing that:-

- The visit is part of an agreed curriculum;
- Is not run for a profit, i.e. the total cash collected does not exceed the net amount of the invoice;
- The invoice is processed through Fusion/ Payments & Income Management;
- Proper records are maintained, and documentation is retained for inspection by HM Revenues & Customs of income and expenditure.

18.3 A record must be retained of all monies received.

18.4 Any trips paid from budget must not be passed through the Unofficial Fund as per School Unofficial Fund Guidance Notes

Section 19 - General Data Protection Regulation (GDPR)

19.1 Every school is required to be registered with the Information Commissioner and hold current Certification under the Data Protection Act 2018. Each school must notify the Information Commissioner's Office (ICO) about how they process personal information. The principles of the Data Protection Act should be applied and training undertaken by relevant staff.

For further information you can visit their Website: http://ico.org.uk/.

Section 20 – School Vehicles

20.1 Some schools have vehicles e.g. minibuses which are either owned by the school or are made available to them by the Local Authority. It is essential that the minibus is registered both with the Council's Fleet Management Team and the Council's Insurance Officer. It should also be included on the school's inventory or asset register.

20.2 All drivers of the minibus must also hold a relevant UK Driving License of the correct category and/or have received relevant driver training.

20.3 The school should ensure that:

- Policies and procedures should be in place for the use of the minibus and made available to all relevant staff.
- Guidance set out within Driving School Minibuses – Advice for Schools and Local Authorities, available on the Government website, should be followed. Driving school minibuses: advice for schools and local authorities - GOV.UK (www.gov.uk)
- Responsibility of the minibus should be delegated to a specific officer.
- The school vehicle should have valid Insurance, Tax and MOT certificate.
- School vehicles should be appropriately serviced and maintained. If applicable, the school vehicle's service book should be kept up to date and readily available.
- There should be an officer responsible to record the issuing/return of keys.
- There should be a procedure in place for the keys being returned out of school hours.
- A process for refuelling should be in place and if fuel cards are used, these should be held securely with adequate monitoring being undertaken.
- Log sheets should be maintained for each vehicle.
- Each journey should be recorded including:-
    - Vehicle Registration
    - Date
    - Destination
    - Opening and closing milometer readings
- Each vehicle should display a Section 19 permit if relevant. (Advice can be sought from the Department of Transport).
- Any driver of the vehicle should be adequately qualified with evidence obtained.