



SOUTHAMPTON
CITY COUNCIL

Internal Audit Report

SCC1819-049

Mount Pleasant Junior School

Overall Assurance: No Assurance

CONTENTS

Executive Summary

Introduction, Objectives and Scope


Exceptions Table

Author: Karen Gibbs

Version: FINAL

Dated: 13th December 2018

Recipients: Emma Kerrigan-Draper (Head teacher), Rashid Brora (Chair of Governors), Hilary Brooks (Service Director Children's & Families Services), Mel Creighton (Service Director Finance & Commercialisation) and Derek Wiles (Service Lead Education & Early Help)

Approved by Chief Internal Auditor, Elizabeth Goodwin: 

INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School

Executive Summary

An Internal Audit was conducted at Mount Pleasant Junior School during the week beginning 12th November 2018 at the request of the Head teacher, who has been in post at the school since April 2018.

The **Full Audit**, which comprised of testing as detailed in the scope of the audit, has resulted in eleven high and three medium risk exceptions of which further details, associated risks and agreed actions have been highlighted in the main body of the report.

The **Schools Financial Value Standard** (SFVS) statement for year ending March 2018 was also reviewed as part of this audit. The statement confirms compliance with 23/25 questions in the standard and part compliance with 2/25. However, based on the audit review of the SFVS statement and the high number of exceptions raised during the Full Audit, the Governor's self-assessment of the financial management of the School is 'not in line with our judgment'.

Overall, based on the high number of exceptions raised in relation to the Strategic Financial Management of the school, Internal Audit can give no assurance on the effectiveness and accountability of financial management controls until the agreed actions to the highlighted exceptions have been implemented.

Actions relating to the exceptions raised as a result of the Audit were discussed and agreed with the Head teacher during the exit meeting, which was held on 14th November 2018 at the school.

At the conclusion of the exit meeting the Head teacher agreed that it would be beneficial to the Governors for the complete audit report to be presented to them at the next Full Governing Body meeting which was attended by the Audit Team on 12th December 2018.

In addition, it was agreed that a follow up audit will be carried out during financial year 2019/2020 to obtain independent assurance that the actions to the exceptions raised have been fully implemented and effective financial management controls are in place and operating at the school.

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

ASSURANCE LEVELS

The overall assurance is given on the activity that has been audited.
These levels are based on the areas tested within the audit as noted with the Objectives & Scope.

Levels:	Description / Examples
Assurance	No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority
Reasonable Assurance	Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority
Limited Assurance	Control weaknesses or risks were identified which pose a more significant risk to the Authority
No Assurance	Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

Objectives and Scope

The objectives of the audit were to ensure that there are effective standards and processes in place to ensure successful financial management.

The scope of the review included the examination of a sample of documentation relating to the following areas for the period September 2017 to the date of the audit to ensure that;

Organisation of Responsibility & Accountability

The School has defined and documented the responsibilities of each person involved in the administration of its finances to avoid the duplication or omission of framework of accountability for Governors and Staff.

- Full Governing Body timetable for the period September 2018 to July 2019
- Governing Body Terms of Reference
- Governing Body Agendas & Minutes for the period September 2017 to the date of the audit (plus supporting documentation)
- Job descriptions for staff with financial responsibilities and the clerk
- SFVS documentation – March 2018 and relevant documentation to support the statement
- Skills matrix for Governors and Finance Staff
- Current Register of Pecuniary Interest
- Single Central Record document
- Whistle Blowing Policy

INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School

Budget

The School has developed and documented budgetary processes to enable the Governing Body and Head teacher to control expenditure in line with the overall objective of the school and there is a clear, identifiable link between the schools budget and the plan for raising standards and attainment.

- School Improvement / Development / Strategic Plan
- Three year Budget Plan and supporting monitoring evidence
- Budget Planning / Monitoring timetable
- School Budget Share
- Financial Reports
- Staffing Budget
- Bench Marking data

Income

All income due to the School is identified, recorded, receipted and banked promptly and intact. Vat is correctly accounted for.

- TUCASI summary sheets
- Bank paying - in books.
- Lettings invoices, agreements and charging policy
- Stock control sheets
- Miscellaneous income records.

Petty Cash

Income and expenditure made through the Petty Cash Account is accurately recorded and authorised. VAT is accounted for correctly and segregation of duties is appropriate

- Bank Statements for the period September 2017 to the date of the audit
- Petty Cash Vouchers and supporting documentation
- Petty Cash reconciliation reports

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

Ordering, Receipt and Payment of Goods

All commitments and expenditure are accurately recorded and expenditure is authorised, represents value for money and is for the proper purposes of the School

- Purchase orders and invoices (including compliance with the tendering process)
- Purchase cards, bank statements and receipts
- Hire agreement and contracts

Business Continuity / Resilience Plan

An appropriate business continuity / disaster recovery plan is in place which complies with the best practice guidance issued by PCC

- Business Continuity Plan
- Documentation relating to the Senior Management Emergency Team membership
- Evidence of Governing Body approval and drills / tests conducted

Inventory

All appropriate assets are recorded, safeguarded and controlled and disposal of equipment is properly administered and controlled

- Inventory sheets
- Loans register

Computer Security

Access to mainframe data is restricted to authorised staff only and adequate controls exist over security of passwords and environmental controls are sound

- Data Protection Registration Certificate
- IT / Internet Policy
- CCTV Policy

Unofficial / PTA Funds

There is appropriate control over the operation of unofficial / PTA funds and the Audited Statement of Account is authorised by the Governing Body

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.1 - SCC1819-049 - Mount Pleasant Junior School - Governing Body Terms of Reference / Skills Matrix

Priority Level

High Risk

Exception

The **Schools Financial Value Standard** (SFVS) statement for year ending March 2018 was reviewed as part of this audit. The statement was submitted to the Local Authority on 04.06.2018 which was after the expected timescale of 31.03.2018. The document was signed by the Chair of Governors on behalf of the School.

The school response to question 1 of the SFVS statement confirms that 'Governors and Senior staff have adequate financial skills'. The response to question 2 (which asks if the Governing Body have clear terms of reference) did not answer the question but confirmed that 'the Finance Committee includes the Head teacher and Business Manager'.

During on-site testing there was no evidence that;

- Governors have completed a 'financial skills matrix' to demonstrate that collectively they have adequate financial skills
- Governors have a clear terms of reference which is reviewed on an annual basis

Risks and Consequences

Operational, legislative, reputational and financial risk that the Governing Body will not be fulfilling their formal responsibility for the financial management of the school and may not be able to demonstrate that;

- There are adequate financial skills among its members to fulfil the role of challenge and support in the field of budget management and value for money
- All essential financial duties are carried out and requisite controls exercised without unnecessary duplication of effort by Governors
- Governors fully understand their responsibilities in respect of financial management and can be held accountable for how they carry them out
- The financial management of the school is effective and accountable

Agreed Action

The school are in the process of joining the Aspire Community Trust. The Governing Body terms of reference and 'skills matrix' will be completed as part of the

Person Responsible / Action by Date

Chair of the Governing Body / March 2019

INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School

Governing Body reconstitution to Foundation School Status.

A review of collective Governing Body financial skills will determine if Financial training is required to ensure the financial management of the school is effective and accountable.

Chair of the Governing Body / March 2019

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.2 - SCC1819-049 - Mount Pleasant Junior School - Finance staff job descriptions / Skills Matrix

Priority Level

High Risk

Exception

Further review of the **Schools Financial Value Standard (SFVS)** statement highlighted that the school response to question 3 of the statement, which asks if there is a clear definition of the relative responsibilities of the governing body and the school staff in the financial field, was that 'Roles and responsibilities are reviewed by the Head teacher'.

During on-site testing there was no evidence that;

- There is a clear staffing structure for non-teaching staff
- There are job descriptions or alternative documentary evidence of financial responsibilities for non-teaching staff
- Staff with financial responsibilities have completed a 'financial skills matrix' to demonstrate that collectively they have adequate financial skills

Risks and Consequences

Operational, legislative and financial risk that the staff with financial responsibilities will not be fulfilling their responsibility for the operational financial control and administration of their school and may not be able to demonstrate that;

- All essential financial duties are carried out and requisite controls exercised without unnecessary duplication of effort
- Staff fully understand their responsibilities in respect of financial control and administration and can be held accountable for how they carry out their duties
- The financial control and administration of the school is effective and accountable

Agreed Action

A staffing structure for non-teaching staff will be put in place and will be supported by job descriptions or clear documentary evidence of the financial responsibilities for each member of staff.

A 'skills matrix' will be completed by all staff with financial

Person Responsible / Action by Date

Head teacher / March 2019

INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School

responsibilities and a review of these skills will determine if Financial training is required to ensure the operational financial administration of the school is effective and accountable.	
---	--

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.3 - SCC1819-049 - Mount Pleasant Junior School - Register of Pecuniary Interest

Priority Level

High Risk

Exception

A review of the School website on 18.10.2018 confirmed that the Publication of Governors' details only record the name of school governors and the category of appointment. This is not compliant with DfE statutory guidance.

The Constitution of Governing Bodies of maintained schools - August 2017 - stipulates that the website must include;

The structure and remit of the Governing Body,

For each governor who has served at any point during the last 12 months

- full name, date of appointment, term of office, date they stepped down (where applicable), who appointed them
- relevant business and pecuniary interests (including governance roles in other educational institutions)
- attendance record at Governing Body meetings over the last academic year

In addition, the **Schools Financial Value Standard (SFVS)** statement highlighted that the school response to question 5 stated that 'a Business Register is kept and a Declaration of Interest reminder issued and signed at the start of all governors meetings'.

However, there was no evidence of a completed Register of Pecuniary Interests (RPI) for the 2018/2019 Academic year during on-site testing and the agenda and minutes for the Full Governing Body (FGB) dated 05.09.2018 does not evidence that Governors were given the opportunity to declare any pecuniary interests at the beginning of the meeting.

Risks and Consequences

Reputational and operational risk that the Governors will not be able to evidence transparency in relation to their business and personal interests which is essential for effective and accountable financial management.

Agreed Action

The School website will be updated to ensure that the Publication of Governors details are compliant with DfE statutory guidance.

The on-site Register of Pecuniary Interests will be fully

Person Responsible / Action by Date

Chair of the Governing Body / January 2019

Chair of the Governing Body / December 2018

INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School

completed by all Governors.

The 'opportunity to declare interests' will be included as a regular agenda item for all Governing Body meetings moving forward.

Clerk to the Governing Body / with immediate effect

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.4 - SCC1819-049 - Mount Pleasant Junior School - Retention of sensitive data

Priority Level

High Risk

Exception

During onsite testing a sample of three employees was selected to ensure that recruitment and vetting checks had been carried out prior to appointment.

A review of the personnel files for the employees in the sample highlighted that all appropriate recruitment and vetting checks had been completed. However, it was noted that documents such as a driving licence, payslip, HMRC P45, marriage certificate, Council tax bill and DBS certificate are being retained in the personnel files - which is a breach of the DBS Code of Practice and GDPR / Data Protection Act. Discussions during on-site testing confirmed that school finance staff were not aware that this documentation should not be retained for longer than a six month period.

The revised DBS Code of Practice - DATA HANDLING requires that all DBS related information provided by an employee is held in line with the obligations under the Data Protection Act 2018.

The GDPR / Data Protection Act (Principle e) Storage Limitation states ... as a minimum that ' You must not keep personal data for longer than you need it'.

Risks and Consequences

Legislative and financial risk that a breach of the DBS Code of Practice and / or the GDPR / Data Protection Act could result in enforcement action from the Information Commissioner and / or a potential fine.

Fines are discretionary rather than mandatory, are imposed on a case-by-case basis and must be “effective, proportionate and dissuasive”.

The fines are based on the specific articles of the Regulation that the organisation has breached.

Agreed Action

All personnel files will be checked to ensure that they only contain 'right to work in the UK evidence' and permitted documentation which is compliant with the Data Protection

Person Responsible / Action by Date

Head teacher / December 2018

INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School

Act.

Moving forward, documentation will only be retained for a new employee until the relevant DBS confirmation has been received by the school.

Finance team / ongoing

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.5 - SCC1819-049 - Mount Pleasant Junior School - Schools Financial Value Standard (SFVS)

Priority Level

High Risk

Exception

A review of the current **Schools Financial Value Standard (SFVS)** statement is carried out as part of a standard audit programme to ensure that the Governor's self-assessment of the financial management of the School is 'in line with our judgment'.

However, there is no evidence of Full Governing Body monitoring to evidence the accuracy of the statements made in the document. In addition, there is no evidence that checks were carried out as to the accuracy of the statement for period ending March 2018 before agreement and signature of the Chair of Governors.

Completion and submission of the SFVS is a mandatory requirement for Local Authority Schools. The standard was designed by the DfE to assist Governors in managing their finances and to give assurance to all stakeholders that they have secure financial management in place.

Risks and Consequences

Operational, legislative and financial risk that the Governing Body will not be fulfilling their formal responsibility for the financial management of their school and may not be able to demonstrate that;

- All essential financial duties are carried out and requisite controls exercised without unnecessary duplication of effort by Governors or Finance staff.
- Governors fully understand their responsibilities in respect of financial management and can be held accountable for how they carry them out.
- The financial management of the school is effective and accountable.

Agreed Action

Person Responsible / Action by Date

The SFVS will be included as a regular agenda item for all Governing Body meetings moving forward.

Chair of the Governing Body and clerk / ongoing

The Chair of the Governing Body will nominate a Governor lead to work with the Finance team during the year and

Chair of the Governing Body / December 2018

INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School

<p>report progress back to the Full Governing Body.</p> <p>The Full Governing Body will review and approve the SFVS document before submission to the Local Authority at financial year end.</p> <p>Approval will be clearly documented in the minutes.</p>	<p>Full Governing Body / Annually</p> <p>Clerk / ongoing</p>
---	--

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.6 - SCC1819-049 - Mount Pleasant Junior School - Budget

Priority Level

High Risk

Exception

The **Schools Financial Value Standard** (SFVS) statement 4 confirmed that the Governing Body receives clear and concise monitoring reports of the school's budget position at least three times a year.

The Governing Body minutes were reviewed for the period September 2017 to September 2018. However, there is no evidence that any supporting budgetary documentation had been submitted to the committee before budget approval, or that ongoing monitoring of the budget had been considered throughout the 2017/2018 Financial Year.

A current budget report was not available during on-site testing and it is unclear what the up- to-date balance is.

Risks and Consequences

Reputational, financial and operational risk as a result of poor or non-existent budget monitoring.

This could result in the Local Authority suspending the Schools right to a delegated budget which may occur if the provisions of the school financing scheme have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.

Agreed Action

Person Responsible / Action by Date

The Head teacher has a scheduled meeting with Gary Wooldridge (Independent Advisor to Schools) and the Chair of Governors to acquire up-to date reports and determine the current budgetary position.

Head teacher and Chair of Governors / 19.11.2018

The FGB meeting on 12.12.2018 will be Finance focussed and will include a discussion, review and ratification of the budget.

Chair of Governors and Governing Body / 12.12.2018

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX. 7 - SCC1819-049 - Mount Pleasant Junior School - Business Continuity/Resilience Plan

Priority Level

High Risk

Exception

The **Schools Financial Value Standard (SFVS)** statement highlighted that the school did not respond to question 25 of the statement, which asks if the school have an appropriate business continuity or disaster recovery plan.

Discussions with the Head teacher confirmed that the school does not have a business continuity or disaster recovery plan in place.

The support notes section Q25 (b) for the **Schools Financial Value Standard (SFVS)** states that the school must have an appropriate business continuity or disaster recovery plan which must be kept up-to-date as any element of the plan which has become out of date is likely to be of no use in an emergency.

The purpose of such a plan is to ensure that contingency arrangements are in place for incidents such as;

- If the school's premises were not available for an extended period (e.g. because of fire or flood)
- Large scale loss of property (e.g. through fire or theft)
- Loss of information through catastrophic failure of IT systems

Risks and Consequences

Operational, reputational, legislative and financial risk that the school will not have an effective and current plan in place to minimise risk and disruption in the event of an emergency.

This could result in a lack of business continuity due to a failure of IT systems, reputational and legislative damage in the event of injury / loss of life and / or large scale destruction of property.

Agreed Action

A comprehensive Business Continuity/Resilience Plan will be formulated, approved by the Full Governing Body and communicated to all staff.

Person Responsible / Action by Date

Chair of Governors & Head teacher / January 2019

INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School

The plan will be reviewed on an on-going basis and annually as part of the SFVS ratification.	Full Governing Body / Annually
---	--------------------------------

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.8 - SCC1819-049 - Mount Pleasant Junior School - Inventory	
Priority Level High Risk	
Exception The Schools Financial Value Standard (SFVS) statement highlighted that the school response to question 25, which asks if the school have an up-to-date asset register is 'Yes'. However, discussions with the Head teacher confirmed that the school do not have an up to date inventory which lists all assets with a value of £200.00 and above. It is unclear from the documentation reviewed during testing and discussions with school staff which member of the team is responsible for the control and administration of the Inventory. The exception raised under EX2 should aid if implemented, in the identification of who is responsible for this activity.	
Risks and Consequences Operational and financial risk that without an up to date Inventory; <ul style="list-style-type: none"> • The loss or theft of assets may go undetected • Non-compliance with Insurance requirements would potentially negate the Policy in the event of a claim for lost or stolen assets • The current practice places the school staff and stakeholders in a vulnerable position as there is a lack of internal control for the administration, retention and disposal of assets. 	
Agreed Action	Person Responsible / Action by Date
The school will investigate the most effective and efficient method to record the administration, retention and disposal of school assets.	Head teacher / January 2019 and ongoing
Once a method has been determined and agreed by the Full Governing Body, a complete inventory of the school will be undertaken to ensure the details of all appropriate assets are adequately recorded.	Chair of Governors / January 2019 and ongoing

INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School

Moving forward the school will ensure the 'Guidance for school inventories' Chapter 20 of the SCC Schools Finance Manual is available to and adhered to by staff with responsibility for the inventory.	Full Governing Body / ongoing
---	-------------------------------

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.9 - SCC1819-049 - Mount Pleasant Junior School - Information Commissioners Office (ICO)	
Priority Level High Risk	
Exception A review of the Information Commissioners website on 12.11.2018 confirmed that the School have not registered with, or paid a data protection fee to the ICO. The GDPR / Data Protection (Charges and Information) Regulations 2018 requires every organisation or sole trader who processes personal information to pay a data protection fee to the ICO - unless they are exempt. Failure to do so will result in a fixed penalty.	
Risks and Consequences Legislative, reputational and financial risk resulting in non-compliance with the GDPR / Data Protection (Charges and Information) Regulations 2018 which could result in a fixed penalty fine to the School. Fines are discretionary rather than mandatory, are imposed on a case-by-case basis and must be “effective, proportionate and dissuasive”. The fines are based on the specific articles of the Regulation that the organisation has breached.	
Agreed Action	Person Responsible / Action by Date
The School will register and pay the relevant data protection fee to the ICO.	Head teacher / with immediate effect
The Chair of Governors will notify the Information Commissioners Office of the schools failure to register or pay the fee.	Chair of Governors / with immediate effect
Moving forward, a diary note will be made to ensure the data protection fee is renewed before the next expiry date.	Finance team / ongoing

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.10 - SCC1819-049 - Mount Pleasant Junior School - CCTV	
Priority Level High Risk	
Exception Closed-circuit television (CCTV) cameras are in operation on the school premises and signs are positioned around the school to alert the school community and visitors to the site that CCTV cameras are in place. However, a discussion with the Head teacher during the course of the Audit confirmed that the school have not adopted a CCTV Policy as required by the Information Commissioner's Office (ICO) CCTV Code of Practice.	
Risks and Consequences Legislative and financial risk resulting in non-compliance with the ICO Code of Practice, Regulation of Investigatory Powers Act (RIPA) and the GDPR / Data Protection Act which could result in a potential fine to the School.	
Agreed Action	Person Responsible / Action by Date
The Governing Body will review and ratify the school CCTV Policy at the next Full Governing Body meeting which is due to be held in December 2018.	Chair of Governors / December 2018
The Policy will be reviewed on a regular basis as stipulated and the review will be recorded in the relevant minutes.	Full Governing Body / ongoing

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.11 - SCC1819-049 - Mount Pleasant Junior School – Single Central Record

Priority Level

High Risk

Exception

The School Single Central Record (SCR) was not available for review during on- site testing. Discussions with the Head teacher confirmed that the original document, which had been maintained by the previous School Business Manager, was not compliant with best practice or up to date. The school is currently in the process of producing a new SCR and will ensure that the information recorded for each employee is accurate and agrees with details on the documentation held in individual personnel files.

Keeping Children Safe in Education - which is Statutory Guidance to Schools requires that;

Single central record

Schools and colleges must keep a single central record, referred to in the regulations as the register. The single central record must cover the following people:

- all staff (including supply staff) who work at the school: in colleges, this means those providing education to children;
- all others who work in regular contact with children in the school or college, including volunteers; and
- for independent schools, including academies and free schools, all members of the proprietor body.

The Head teacher has confirmed that priority is being given to producing the new SCR and a copy will be available for review by the Audit team before the Full Governing Body meeting which is due to be held on 12.12.2018.

Risks and Consequences

Reputational, operational and legislative risk that failure to maintain a current Single Central Record may result in appointing an employee who does not have the appropriate skills, abilities or qualifications for the job and / or who may have a criminal record (the details of which may preclude them from working in a school).

Agreed Action

A revised and updated SCR will be introduced which is compliant with best practice.
The SCR will be cross checked against employee personnel files to ensure that all data captured is accurate.

Person Responsible / Action by Date

Head teacher / December 2018 and ongoing
Head teacher / December 2018 and ongoing

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.12 - SCC1819-049 - Mount Pleasant Junior School - E Safety Policy	
Priority Level Medium	
Exception A comprehensive E-Safety Policy Summary was evidenced in the School Policy folder during testing. The policy was scheduled for review in July 2018 but there was no evidence that the review had taken place. In addition, the policy states that all staff, pupils and parents must read and sign the Acceptable Use Policies before using any school ICT resource. However, there was no evidence of a signed statement for any of the relevant parties to confirm awareness and understanding of the policy.	
Risks and Consequences Financial and legislative risk resulting in non-compliance with E-Safety requirements. This could result in enforcement action from the Information Commissioner or a potential fine.	
Agreed Action	Person Responsible / Action by Date
The E-Safety Policy Summary will be reviewed and ratified by the Full Governing Body and the decision will be recorded in the Governing Body minutes.	Chair of Governors / January 2019
All stakeholders will sign the statement to confirm awareness and understanding of the policy.	All stakeholders / January 2019

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.13 - SCC1819-049 - Mount Pleasant Junior School - Personal use of Loyalty Cards	
Priority Level Medium Risk	
Exception The petty cash transaction log for period ending date 31.07.2018 was reviewed during on-site testing. There were 13 entries on this log and the total value of the claims was £349.81 Testing highlighted that valid VAT receipts were in place for all purchases but there were 2 occasions where staff had claimed personal 'reward points'(12 points in total) via a store Loyalty Card for purchases made on behalf of the school.	
Risks and Consequences Legislative and financial risk as obtaining personal reward points while purchasing goods on behalf of the school, which are deemed to be a 'benefit in kind' by HMRC, could potentially result in a financial penalty to the school.	
Agreed Action	Person Responsible / Action by Date
All staff will be reminded that personal reward points cannot be claimed when purchasing items on behalf of the school.	Head teacher / with immediate effect
Enquiries will be made to determine if a Loyalty Card can be set up in the School name to maximise potential 'rewards' for future purchases.	Finance team / March 2019

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EX.14 - SCC1819-049 - Mount Pleasant Junior School - Stock Control	
Priority Level Medium Risk	
Exception Discussions with the Finance team during on-site testing confirmed that the school have a stock of school uniform but no stock control system for the administration of uniform sales. The school are currently moving towards off-site uniform provision however, in the interim period, effective stock control is essential to ensure that wastage and loss are kept to a minimum and the correct size stock is available when needed.	
Risks and Consequences Operational and financial risk resulting from a lack of stock control which could put school staff in a vulnerable position in the event of lost or stolen uniform.	
Agreed Action	Person Responsible / Action by Date
A stock control spread sheet will be introduced for the control and administration of uniform sales.	Finance team / January 2018
A stock check will be undertaken and evidenced on a termly basis.	Finance team / ongoing

**INTERNAL AUDIT REPORT
C&F - Mount Pleasant Junior School**

EXCEPTIONS

The following tables outline the exceptions from the recent audit and are reported in priority order. Internal Audit report regularly to the Governance Committee on findings and management actions. However, in accordance with agreed protocols, all critical exceptions are brought to the attention of the Committee.

Priority Level	Description
Critical Risk	Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none">▪ The efficient and effective use of resources▪ The safeguarding of assets▪ The preparation of reliable financial and operational information▪ Compliance with laws and regulations And corrective action needs to be taken immediately.
High Risk	Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not "show stopping" but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.
Medium Risk	These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.
Low Risk - Improvement	Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.