**Schools - Controls Test Programme 2017-18**

**Introduction**

Sound financial management and controls are essential to schools because these provide an effective framework for financial planning and accountability and safeguard the use of public funds.

The Governance handbook published by the DfE in January 2017 sets out the government’s vision and priorities for effective governance and provides a first point of reference on all the legal duties on boards. It highlights that all boards have three core functions: Ensuring clarity of vision, ethos and strategic direction; Holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff; and Overseeing the financial performance of the organisation and making sure its money is well spent.

The Governance handbook also provides a framework for auditors and inspectors when they evaluate these arrangements.

The Croydon Scheme for Financing Schools sets out the financial relationship between the LA and the maintained schools that it funds. It contains requirements relating to financial management and associated issues, binding on both the LA and schools.

The Schools Financial Value Standard (SFVS) standard is a mandatory requirement for Local Authority maintained schools

The objective of the controls testing is to provide an independent oversight of the school’s financial affairs and provide the Governing Body with independent assurance that:

* The financial responsibilities of the Governing Body are being properly discharged;
* Resources are managed in an efficient, economical and effective manner;
* Systems of internal financial control are being maintained; and
* Financial considerations and risks are fully taken into account in reaching decisions.

The following is an outline of the programme of checks to confirm the operation of the main financial system and that the LA’s requirements are followed.

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| School: |  | Period | 2017/18 | Auditor: |  | Date |  |
| Type: | Schools | | |  |  |  |  |
|  |  | | | Reviewed by: |  | Date |  |
| Control Area: | **Governance and Leadership [1]** | | | | | | |

| **Ref**  ***Key*** | **Control Process** | | | **Testing Procedure** | **Completion Date: Result/s** |
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| 1.1.1 | **Full Governing Body Meetings** | | | |  |
|  | There should be documentary evidence that the Governors are meeting at least on a termly basis to discuss school issues and there should be documentary evidence of the issues addressed and the outcomes.  The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraphs 13 (Convening meetings of the governing body), 14 (Proceedings of the governing body) and 15 (Minutes and Papers) apply. | 1) Obtain copies of the full governing body minutes for the last year and check that the minutes held:  a) support regular termly meetings,  b) include all supporting documents tabled at the meeting,  c) that the minutes have been approved and signed off by the Chairperson at the subsequent meeting;  2) Confirm that the meetings were quorate.  3) Confirm that any committees set up report regularly to the full governing body and that this is included in minutes. | | |  |
| 1.1.2 | **Induction / Training for New Governors** | | | |  |
|  | The staff and governors have been made aware of their responsibilities and understanding of their own financial management roles, responsibilities and those of others.  Support and guidance is available to all Governing Body members via the Local Authority's Governor Services team. | | | 1) Obtain evidence that governors and staff have been given adequate guidance and that their roles and responsibilities have been explained. Obtain/examine a copy of the school’s **induction pack** or equivalent  2) Assess the financial aspects of the induction information available  This **should include**:  - The Scheme For Financing Schools  - School's delegation of authorisation levels.  - 2017/18 Budget  - Governor's Guide to School Governance  - A list of training available for Governors. |  |
| 1.1.3 | **Responsibilities of Finance Committees defined** | | | |  |
| *Key* | Governing Bodies have the power to set up committees. Each of the committees set up will have specific designated powers within the scope of their documented and agreed terms of reference.  The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 PART 5 Committees of Governing Bodies applies. | | | 1) Check whether the Governing Body have set up committees and obtain details of the Finance (or equivalent) committee composition and Terms of Reference to establish whether these clearly define the responsibilities designated to the committee:-   * Frequency of meetings * Expenditure authorities delegated to Head Teacher * Reference to budget setting and reporting requirements * Budget Virements * Disposal of assets * Tendering / quotations needed * Contract approval   Obtain a copy of the latest version and check that the ToR has been subject to **annua**l review by the Full Governing Body.  2) Obtain copies of minutes of the Finance committees (or Governing Body if not delegated) for a 12 month calendar period and confirm that these:  a) make adequate reference to budget monitoring, budget setting, authorisation of higher value purchases or projects, cheque signatories, recruitment & staff emoluments (Payroll & Personnel authorisations). There should be an appropriate record of documents presented to these meetings and copies of such documents should be held with the minutes, e.g. Budget monitoring reports. Note any unusual or significant items and ask for explanations as necessary.  b) Evidence regular meetings as required by the ToR  c) These are quorate and  d) that these have been approved and signed off by the Chairperson at the subsequent meeting. |  |
| 1.1.4 | **Approved Scheme of Delegation** | | | |  |
| *Key* | The roles and responsibilities of the governing body, any committees, the Head Teacher and other members of staff in relation to financial decision making and authorisation should be set out in writing within a Scheme of Delegation. (The scheme of delegation may also incorporate the terms of reference of the committees of the governing body.)  The Scheme of Delegation should document those officers who have been delegated authority to authorise expenditure, virements, etc. If authority has been delegated to curriculum or departmental staff for the certification of ordering and payment, then a list the names and sample signatures of current budget holders should be included within the Scheme.  The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 paragraph 18.—(1)…the governing body may delegate any of its functions to—  (a) a committee;  (b) any governor other than a governor who is the head teacher; or  (c) where the function being delegated does not directly concern the head teacher, the head teacher (whether or not that person is a governor).  …  (3) The governing body must review the exercise of functions they have delegated, annually. | | | Obtain a copy of the school's delegation of authorisation levels.  (Note that this may be the terms of reference for the committees or contained within the finance policy/manual).  Confirm that:  1) The document has been approved by the full Governing Body and has been reviewed by the Governing Body annually.  2) The roles and responsibilities of the governors, committees, Head Teacher and other relevant members of staff have been clearly defined in relation to financial decision making and administration.  3) Delegation of authorisation levels are specified and also the different levels at which quotations or tenders are to be obtained. Assess whether these levels are appropriate. |  |
| 1.1.5 | **Documented Financial Procedures available** | | | |  |
| *Key* | Schools have many systems for processing and recording financial transactions, including governance, purchasing, payroll, contracting services, payroll and income collection. Control over these systems is fundamental in protecting the school from financial loss and fraudulent activity. The outputs of the various systems provide governors with invaluable information regarding the performance of the school.  The Governing Body should therefore ensure that the school is working within documented and approved financial procedures in order to provide a effective framework within which the school's financial affairs are administered. | | | Obtain a copy of the school’s financial procedures manual.  Verify that:-  1) The School has detailed procedure notes covering all financial systems and procedures.  2) The school’s financial procedures manual has been approved for adoption by the full Governing Body  3) Check that the procedures have been subject to periodic review – this need not be done annually if there have been no changes and these do not include the Schools Scheme of Delegation. Obtain evidence of the last review and approval. |  |
| 1.2.1 | **Register of Pecuniary Interests and declarations of interests held** | | | |  |
|  | In compliance with the School Standards and Framework Act 1998, declarations of pecuniary interests should be held for all members of the Governing Body. As a matter of best practice, it is also advisable to obtain declarations from the Head Teacher and other staff who are able to influence financial decisions. The Register forms an integral part of the school's system of financial control and as such should be held on site and made available for inspection by the Authority, Governors, Staff and parents. | | | Confirm that:  1) the school holds a register of pecuniary interests for governors, which lists any business interests they or members of their immediate family have;  2) the Register includes the Head Teacher and any other staff who influence financial decisions;  3) the Register is open to examination by governors, staff, parents and the LA;  4) the register is updated annually and is up to date; and  5) the agendas of each Governing Body or committee meetings include a standing item for declarations of interests to be raised and declared if appropriate. |  |
| **1.2.2** | **Schools Financial Value Standard (SFVS) has been completed and action is taken to address weaknesses** | | | |  |
|  | The standard consists of 23 questions which governing bodies should formally discuss annually with the Head Teacher and senior staff.  The questions which form the standard are in sections A to D. Each question requires an answer of Yes, In Part, or No.  If the answer is Yes, the comments column can be used to indicate the main evidence on which the governing body based its answer.  If the answer is No or In Part, the column should contain a very brief summary of the position and proposed remedial action.  In Section E, governors should summarise remedial actions and the timetable for reporting back. Governors should ensure that each action has a specified deadline and an agreed owner.  The governing body may delegate the consideration of the questions to a finance or other relevant committee, but a detailed report should be provided to the full governing body and the chair of governors must sign the completed form.  The school must send a copy of the signed standard to their local authority’s finance department.  **There is no prescription of the level of evidence that the governing body should require. The important thing is that governors are confident about their responses.** | | | 1) Obtain evidence of the minutes from the Full Governing Body meeting at which the SFVS was **discussed** and agreed.  2) When the question to the answer is YES, identify whether there is evidence provided on which the governing body based its answer.  3) When the answer to the question is IN PART OR NO, identify whether there is a brief summary of the position and proposed remedial action.  4) Identify whether the School had completed and submitted the SFVS to their Local Authority by 31 March 2017.  5) Based on the results of the audit, determine if the school’s SFVS is accurate. |  |
| **1.2.3** | **Internal Audit recommendations reported to Governing Body** | | | |  |
|  | The Schools Financial Value Standard (SFVS) Question #18 requires the Governing Body to ensure there are no outstanding matters from audit reports or from previous consideration of weaknesses. | | | Establish when the school’s last Internal Audit was. Through enquiry and examination of relevant documentation, establish when the report had been presented to the Governing Body and whether the risks have been cleared. |  |
| **1.2.4** | **Whistleblowing procedures in place and communicated** | | | |  |
|  | Schools and their parent LAs are covered by the Public Interest Disclosure Act 1998 which added legal backing to the Nolan proposals. To quote from the Act itself, it is., "An Act to protect individuals who make certain disclosures in the public interest; to allow such individuals to bring action in respect of victimisation; and for connected purposes."  Following on from the Act, each LA has developed its own Whistle Blowing policy to provide protection for individuals who disclose malpractice and wrongdoing. This policy will apply to the school and it would be appropriate for the governing body to consider the LAs policy and endorse procedures for school staff and ensure its staff are made aware of its existence. In particular, they should be made aware of:  \* The categories of staff to who the protection is available  \* The areas of malpractice and wrongdoing that are covered;  \* The routes available within the LA for raising issues.  (Note - the School may adopt its own whistle blowing procedures.) | | 1) Establish whether the school has details of the LA whistle blowing policy for schools.  Where the School has formulated and adopted it's own whistle blowing policy check that this covers the following:  - the/method to raise concerns  - contains an **Independent** point of disclosure (i.e. someone not involved in the management of the School)  - gives a Guarantee of anonymity  2) Determine and assess the arrangements that are in place to make sure that staff are aware of it.  3) Obtain evidence to verify that the Governing Body has approved the Whistle blowing Policy | |  |

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|  |  | | | Reviewed by |  | Date |  |
| Control Area: | **Budget Planning, Monitoring and Reporting [2]** | | | | | | |

| **Ref**  ***Key*** | **Control Process** | **Testing Procedure** | **Completed by Date Result** | | |
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| 2.1.1 | **Appropriate Budget Setting Procedures** | |  |  |  |
| *Key* | There should be an adequate framework that will ensure an appropriate budget is prepared and approved prior to commencement of the financial year. Effective budget setting should incorporate the following factors:  \* all income sources & basis of funding from LEA  \* project expenditure and income as identified in SDP  The annual budget should be formally approved by the full Governing Body.  The Schools Financial Value Standard (SFVS) Question #9 requires that the school makes a forward projection of budget, including both revenue and capital funds, for at least three years, using the best available information. | 1) Through discussion with the Head Teacher and the examination of budget plans establish whether all factors were taken into account. For example, lettings income etc. This should be based on the best and most complete information available (e.g. Actual and projected pupil numbers and notifications of funding levels).  2) If a prior year **deficit** existed (check the carry forward balance for the current year’s budget), there should be a definite plan to eliminate this and this plan should be agreed by the Local Authority.  Similarly if the School are carrying a significant level of reserves (more than 8% of its budget), a plan agreed by the LA should be in place that defines how these reserves will be used.  3) Check that budget plans **were approved by the Full Governing Bod**y - this should be documented within the minutes of the relevant meeting – and was submitted to the Council by 1 May 2017.  4) Obtain a copy of the school’s Three Year Budget Plan as required by SFVS Question 9 and confirm that this is appropriate. If this forecasts a deficit, establish what actions is the School is planning to remedy this and assess the adequacy of these. |  | | |
| 2.1.2 | **Budget correctly updated to SIMS/Schools Financial System** | |  |  |  |
|  | The school's approved budget as agreed with the Council and the Governing Body should be correctly input to SIMS. | 1. Obtain a documented copy of the school's approved budget and reconcile **the totals** as well as **5 of the main budget headings** to the budget set up on SIMS (using the Chart of Accounts Review - Cost Centre Report), to gain assurance that the budget has been entered correctly and that no unauthorised virement(s) have occurred. 2. Confirm that the budget has been ‘fixed’ (If it has been fixed it will be in the “Original Budget column).   Note: Obtain the school's Annual Budget Listing - By Ledger Code report and a copy of the Chart of Accounts Listing Report. |  | | |
| 2.2.1 | **Appropriate financial competencies of Governors and Staff** | |  |  |  |
|  | Schools Financial Value Standard (SFVS) Question #1 requires that the governing body and senior staff have adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money.  SFVS Question #2 requires that the finance committee chair is appropriately experienced in financial skills and management.  The Governance handbook paragraph 33 states that, ‘The board’s [Governing Body’s] third core function is to oversee financial performance and make sure money is well spent. It should do this by ensuring it has at least one individual with specific, relevant skills and experience of financial matters. However, everyone on the board should have a basic understanding of the financial cycle and the legal requirements of the school on accountability and spend. | 1) Through enquiry of staff and examination of any relevant documentation held, establish how:  a) The school has assessed  (i) Staff with financial responsibilities;  (ii) All members of the Governing Body; and  (iii) All members of the Finance Committee.  (Refer to the DfE website for a financial management skills matrix for governors under the ‘Additional Resources’ in the ‘Support Notes’ section of the DfE SFVS webpages. **Make sure the current version is being used.**) |  | | |
| 2.2.2 | **Budget Monitoring Procedures** | |  |  |  |
| *Key* | Monitoring procedures should be appropriate for the value of the resources being managed and there should be overall control over expenditure. This may be achieved by the following:  \* Preparation of monthly budget monitoring reports from the school's financial accounting system  \* Established reporting lines (i.e. Finance Committee, Governing Body, etc..)  \* Established cycle of reporting (e.g. monthly, six-weekly)  \* Clear roles/responsibilities regarding the monitoring of income and expenditure  \* Records of corrective action taken  The Schools Financial Value Standard (SFVS) Question #4 requires the the Governing Body receives clear and concise monitoring reports of the school’s budget position at least three times a year.  SFVS Question #11 requires that variances in the end year outturn and year end outturn are reported to the Governing Body in a timely manner. | 1) Obtain copies of the budget monitoring reports used by the Head Teacher and the Governors and comment on the appropriateness of these.  2) Confirm that the budget is regularly monitored by the Head Teacher on a **monthly basis** and quarterly by the Finance Committee or Governing Body. Obtain evidence of this.  3) Review the monitoring reports and obtain explanations for any significant variances (over or under spending). Establish whether appropriate remedial action is being taken. Comment on the school's overall financial position.  **(Note if a deficit at year end is forecast or appears likely, establish the adequacy of actions being taken to remedy this.)**  4) Identify from the Head Teacher the extent of formal delegation for managing the school's budget e.g. responsibility delegated to curriculum budget holders and confirm that any delegated budget holders receive regular and appropriate updates regarding their expenditure and remaining available funding. | . | | |

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| Control Area: | **Payroll [3]** | | | | | | |

| **Ref**  ***Key*** | **Control Process** | | **Testing Procedure** | | **Completed by Date Result** | | |
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| 3.1.1 | **Correct Payments and staff structure** | | | |  |  |  |
|  | The Head Teacher should maintain a list of staff employed, which includes their up to date pay rates. Regular spot checks should be carried out by the Head Teacher to ensure that payments made are appropriate and accurate. Checks should ensure that only persons employed at the school are paid by the school and that the amounts paid are correct.  Schools Financial Value Standard (SFVS) Question #7 requires that the staffing structure should be reviewed regularly. | | 1) Check the payroll listing against the SIMS list of current staff (Note source of evidence used for verification and ascertain explanations for any variances highlighted.)  2) Check whether the staff structure has been reviewed recently, i.e. in the last 12 months.  3) Through enquiry and examination of appropriate documentation confirm that the Schools staffing structure was reviewed in the last 12 months by the Governing Body/Personnel Committee.  3) Check to confirm that the Head Teacher reviews and signs the monthly payroll reports to confirm accuracy and acceptance.  4) Examine the payroll, disbursement account records and school fund records for awards/ex gratia payments and check for validity and proper authorisation. | |  | | |
| 3.2.1 | **Starters are properly administered** | | |  |  |  |  |
|  | There should be an adequate framework that would ensure that all appointments/terminations are necessary and comply with the school's policy and statutory requirements. | | Select a sample of **three** starters in primary schools and **five** in secondary schools from the period under review. NB: Please ensure that at least one of the sample is a member of non-teaching staff and one a teacher if possible.  Establish whether:  a) The posts were advertised (or employees were recruited from a pool of candidates).  b) The shortlisting and interview panels consisted of the same officers, one of whom was trained in child protection.  c) Evidence is available of the panels’ notes.  d) (i) Two references from a recent employment were taken,  (ii) These are on file and  (iii) Are sufficient to justify the appointment (i.e. no concerns were included).  (iv) Obtained in advance of appointment being offered.  e) Evidence of the right to work in the UK and proof of identification was obtained prior to any offer of employment.  (Refer to UKBA guidance that requires signed copies to be maintained.)  f) Barred list (formerly List 99) check carried out prior to employment  g) DBS (formerly CRB) check carried out in a timely manner (If DBS has not been obtained a search form and risk assessment should have been completed).  Note: The DBS check should be an enhanced employers copy.  h) Compare starting salary to payroll records (PFIS) for accuracy. | |  | | |
| **3.2.2** | **Leavers are properly administered** | |  | |  | | |  |
|  | There should be an adequate framework that would ensure that all appointments/terminations are necessary and comply with the school's policy and statutory requirements. | | Select a sample of **three** leavers in primary schools and **five** in secondary schools from the period under review:  a) Confirm that leaving date agrees with correspondence, i.e. resignation letter/termination notice  b) Confirm that the leavers sampled are no longer being paid.  (Note the number of leavers should more or less equal the number of starters. **If there is disparity, this should be queried**). | |  | | |
| 3.3.1 | **Pay Policy and procedures are appropriate** | | | |  |  |  |
|  | The Governing Body should establish procedures for the administration of personnel activities including appointments, terminations and promotions.  School pay policy must be annually approved by the Governing Body. | | Check with the Head Teacher whether there is a School Pay Policy and whether it has been **annually approved** by the Governing Body. Obtain a copy of the document and review the Governing Body minutes to identify and document the date of approval. | |  | | |
| 3.3.2 | **Head Teachers Annual Appraisal and Pay** | | | |  |  |  |
|  | The process for both teacher and Head Teacher appraisal needs to be documented in the school’s appraisal policy.  The Education (School Teachers’ Appraisal) (England) Regulations 2012 :  **4.** The governing body of a school must appoint an external adviser for the purposes of providing it with advice and support in relation to the appraisal of the head teacher.  7. (2) In appraising the performance of the head teacher, the governing body of a school must consult the external adviser appointed under regulation [4](http://www.legislation.gov.uk/uksi/2012/115/regulation/7/made).  The appraisal is usually carried out by an appraisal sub/group/panel of two or three governors with an external adviser being used for advice, support and to consult with regarding appropriate objectives. It makes a recommendation on pay progression, where relevant, which must be by 31 December.  Each school has a leadership group salary scale, in line with the teachers’ Pay and Conditions document, agreed with the Council.  Pay ranges for Head Teachers should not normally exceed the maximum of the leadership group. However, the pay range may exceed the maximum where the governing body determines that circumstances warrant. The maximum of the Head Teachers pay range and any additional payments should not exceed the maximum of the Leadership group by more than 25% other than in exceptional circumstances; in such circumstances, the governing body must seek external independent advice before providing such agreement and support its decision with a business case. | 1) Obtain a copy of the Schools Pay Policy and / or Appraisal Policy. Confirm that this details the process for appraising the Head Teacher.  2) Confirm that a Head Teacher appraisal sub/group/panel of two or three governors with an external advisor has been established.  3) Confirm that the annual appraisal of the Head Teacher was completed by 31 December and that the results are in writing along with any pay increase.  4) Any increase in Head Teacher pay should be ratified by the full Governing Body.  5) Confirm that the Head Teachers pay does not exceed the leadership group for the school. If it does confirm that the governing body has decided it is justifiable to exceed the limit in each particular case. Where the pay exceeds the group by more than 25% there must be a clear audit trail for any advice given to the governing body and a full and accurate record of all decisions made by the governing body and the reasoning behind these.  6) Confirm that any increase in Head Teachers pay has been correctly applied (may be retrospective from September). There should only be an annual increase in pay. | | |  |  |  |
| 3.3.3 | **Personnel records are held securely** | | | |  |  |  |
|  | The Head Teacher should ensure that only authorised staff have access to personnel files. | | Establish whether personnel records are held securely and that only authorised officers have access to those files. Comment on whether officers are aware of the need for confidentiality. | |  | | |
| 3.3.4 | **A central DBS register is maintained** | | | |  |  |  |
|  | A centralised record DBS checks for all staff employed at the School should be maintained. (including agency/temporary staff.)  This should detail:  - All staff employed  - Governors  - When DBS checks were undertaken  - renewal dates  - List 99 checks  NB: Under the School Governance (Constitution and Federations) (England) (Amendment) Regulations 2016. Where a governor has been elected or appointed before 1st 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 by 1st September 2016. Where a governor is elected or appointed on or after 1st 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 | | 1) Establish whether the School maintains a central DBS register.  2) Examine the document and identify whether DBS checks are up to date.  3) For Governors  a) Check that the School has applied for DBS checks for governors elected or appointed by 1st April 2016  b) For governors elected or appointed after 1st April 2016 check that the DBS has been applied for within 21 days of the appointment or election (Note: Obtain a copy of the DBS register **without** personal data.) | |  | | |

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| Control Area: | **Safeguarding [4]** | | | | | | |

| **Ref**  ***Key*** | **Control Process** | **Testing Procedure** | **Completed by Date Result** | | |
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| 4.1.1 | **Compliance with Statutory Requirements** | |  |  |  |
|  | To assess compliance with Keeping Children Safe in Education (DfE 2016) - statutory guidance which schools must have regard to when carrying out their duties to safeguard and promote the welfare of children. This means that they should comply with it unless exceptional circumstances arise.  This document sets out the roles of schools and their staff, and makes a number of key requirements. | 1) Schools are required to complete an annual safeguarding self-assessment and submit this to the Council during the Autumn Term each year. Obtain a copy and confirm that this was submitted by the deadline.  2) Identify whether the School has a Designated Safeguarding Lead (DSL), a nominated deputy and designated safeguarding Governor.   1. Obtain the names and positions of these and check that this information is displayed on the School website. 2. Obtain evidence that the DSL and deputy have attended Designated Safeguarding Lead Training (statutory) with in the last 2 years.   2) School safeguarding systems should be explained to staff as part of the staff induction process. Obtain a copy of the staff induction pack and confirm that it includes the following:-   1. The Child Protection Policy – check that this is also published on the School’s website. 2. The Staff Behaviour Policy (or code of conduct) 3. The role of the designated DSL   3) Check that staff members receive appropriate training which is regularly updated and which has been approved by Governors. This should be signed for training and should include:   1. Awareness training for whole staff (statutory) 2. Training about preventing terrorism (statutory) 3. Training on specific issues  * Female Genital Mutilation * Child Sexual Exploitation   4) In addition, check whether staff members receive safeguarding and child protection updates (this would typically be carried out on an inset day), at least annually. Obtain evidence of this.  5) All staff should be aware of the process for making referrals :-  a) regarding children, or  b) regarding adults  Along with the role they might be expected to play in such assessments. Check whether this is included in policies and displayed throughout the School, for example: flowcharts showing the process displayed around the School (staffroom, toilet doors, School office etc.) in more than one place. |  | | |
| 4.2.1 | **Children going missing from education** | |  |  |  |
|  | A child going missing from education is a potential indicator of abuse or neglect. | 1) Confirm that the School has an Admissions Register and an Attendance Register, and that these are accurate and kept up to date.  2) Check the School’s procedures regarding informing the Local Authority when a pupil’s attendance is irregular or when the pupil has been absent for 10 continuous days or more.  3) Check and obtain evidence that the School notifies the local authority when a pupil’s name is to be deleted from the admission register.  (NB **This** does not apply to pupils who have completed the school’s final year). |  | | |

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| Subject Area: | **Procurement [5]** | | | | | | |

| **Ref**  ***Key*** | **Control Process** | **Testing Procedure** | **Completed by Date Result** | | |
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| 5.1.1 | **Official orders are raised and appropriately authorised** | |  |  |  |
|  | Official orders should be raised on SIMS, in order to commit the expenditure on the school's accounting system. All orders should be appropriately authorised by a certifying officer and a signed copy of the official order should be retained on file. | Obtain a copy of the Bank History Report from SIMS, detailing all transactions for the financial year. Using this report, select a random sample of 15 payments (Where necessary include high value purchases in your sample) and perform the following tests:  1) Check that purchase orders are appropriately **certified** preferably by the Head Teacher or a Senior Member of staff who has been approved by the Governing Body or Head Teacher, in compliance with the Financial Policy or the Scheme of Delegation. (refer test 1.1.4)  2) Check that, where necessary, for higher value purchases, that approval from the Governing Body or Finance Committee has been obtained. |  | | |
| 5.1.2 | **All orders are appropriate for the School** | |  |  |  |
|  | All major purchases should be in accordance with the 'Schools Development Plan' and all other purchases should be appropriate for the needs of the school. | 1) For the sample of purchases tested (refer to test 5.1.1) establish whether all transactions tested are for goods and services that are reasonable for the use of the school, (i.e. Orders are only used for goods and services provided to the school.) **Individuals must not use official orders to obtain goods or services for private use. School funds must not be used to buy gifts or provide benefits in kind for staff members**.  2) Check the sample of purchases selected for testing to check that there is no evidence of goods being ordered for the private use of employees.  3) Confirm that no payments are made to individuals, except for the re-imbursement of expenses to staff. (Refer to the HMRC self-employed regulations) |  | | |
| 5.1.3 | **Written Orders are used and are raised in advance of purchases being initiated** | |  |  |  |
|  | Official pre-numbered orders should be used for all goods and services except utilities, rents, rates and petty cash payments. Where urgency requires an oral order this should be confirmed by a written order. | For the sample of transactions tested (refer to test 5.1.1), establish whether:  1) Official pre-numbered orders are used for all goods and services except utilities, rents, rates and petty cash payments.  2) Orders are raised in **advance** of purchases being initiated.  (Where urgency requires an oral order this should be confirmed by a written order.) |  | | |
| 5.1.4 | **All goods ordered are received by the School** | |  |  |  |
|  | Delivery notes should be checked to the goods/services received and evidenced as such by the officer checking the quality and quantity of the goods, before any invoice is paid. The officer checking the goods/services received should be independent of the person responsible for the administration of orders and payments.  Note: Where delivery notes are not obtained, the goods/services received check should be evidenced on the invoice. | For the sample of transactions tested (refer to test 5.1.1), establish whether appropriate goods/ services received checks have been evidenced. (This person **should not be not the same person that approved the purchase order in test 5.1.1. or authorised the invoice in test 5.1.6**) |  | | |
| 5.1.5 | **Appropriate supporting documentation is available** | |  |  |  |
|  | All expenditure is supported by a valid receipt or invoice from the supplier. | For the sample of transactions tested (refer to test 5.1.1), establish whether:  1) A **valid** receipt or invoice is held from the supplier for each transaction. The invoice should be **addressed to the school** and show an adequate description of the goods or services purchased. Where VAT has been charged by the supplier, check that the invoice or receipt is valid for VAT purposes..  2) Check that the calculations on the invoice are correct and that the **payment** made agrees to the documented **value on the invoice**. |  | | |
| 5.1.6 | **Appropriate Authorisation of Invoices** | |  |  |  |
|  | All invoices should be appropriately authorised. The school should maintain a list of authorised signatories, which documents their respective financial limits. | For the sample of transactions tested (refer to test 5.1.1), establish whether:  1) All invoices within the sample tested are appropriately authorised. (Note: In some higher value cases Governing Body or Finance Committee approval may be needed). This person **should not be not the same person that carried out the goods received check in test 5.1.4** |  | | |
| 5.2.1 | **Value for Money is demonstrated** | |  |  |  |
|  | The school should always consider price, quality and fitness for purpose when purchasing goods and services. Procedures for obtaining alternative quotations or putting contracts out to tender should be documented within the school's Financial Policy (or Purchasing Policy). All policies should comply with the Council's standing orders and financial regulations for schools. | For the sample of purchases tested, verify that **alternative** estimates (either quotes or tenders) have been obtained for all items of major expenditure in line with the school's Financial Policy and the Council's financial regulations.  (note: Website print offs or catalogue prices are sufficient to demonstrate market testing). |  | | |
| 5.3.1 | **Records are appropriately stored** | |  |  |  |
|  | The School should be maintaining proper accounting records throughout the year | Verify that these records are being stored securely and in accordance with the school’s documents retention policy. |  | | |
| 5.4.1 | **Comparison of performance to enable improvement (Benchmarking)** | |  |  |  |
|  | The governors and the staff should have compared the school's performance with that of similar schools, examining reasons for differences and taking action where required.  Refer to SFVS question 14, ‘Does the school benchmark its income and expenditure annually against that of similar schools and investigate further where any category appears to be out of line?’ | Establish whether the School has carried out a **benchmarking** exercise and if so, the methods used to achieve this.  1) Obtain **evidence of usage** of a benchmarking website (or similar tool used) which allows a comparison of performance with other schools.  2) Consider whether the schools used for comparison are reasonable and suitable.  3) Verify that the benchmarking process has identified areas for improvement, and set targets for these improvements.  4) Verify that the benchmarking exercise had been completed for income and expenditure.  5) Ascertain whether these findings have been discussed with the school Governing Body/ Finance Committee.  6) Confirm that the benchmarking was conducted in the last 12 months. |  | | |
| 5.5.1 | **Authorisation of petty cash reimbursement claims** | |  |  |  |
|  | All petty cash expenditure should be approved prior to purchases being made to ensure that the purchase is reasonable. Reimbursement claims should be documented and supported by receipts. VAT should be identified and re-claimed, where applicable. All reimbursement claims should be signed for on authorisation of payment and countersigned by the claimant upon receipt of the reimbursement.  **All claims should lie within the limit set by the School. Where the School has not set a limit claims should be within the Council’s limit (£25).** | Through discussion establish whether petty cash is held and if so, through reference to some sample petty cash claims and further discussion establish whether:  1) A petty cash limit is in place and adhered to (Note: Look out for consecutive like transactions which may highlight where transactions are being split to deliberately by-pass the limit) ;  2) Petty cash transactions are authorised and supported by appropriate receipts.  (Note: Where petty cash claims are for travel it should be made clear on the petty cash voucher that the journey is undertaken on behalf of the school.) |  | | |

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| Subject Area: | **Banking [6]** | | | | | | |

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| 6.1.1 | **Cheque security is appropriate** | |  |  |  |
|  | Cheques should not be pre-signed by any of the authorised cheque signatories and should be used in sequential order. | 1) Examine the current cheque books to confirm that cheques have not been pre-signed by any of the cheque signatories. |  | | |
| 6.1.2 | **Regular bank reconciliations conducted** | |  |  |  |
|  | All transactions in the schools account should be reconciled to the bank statement. | 1) Check to confirm that **regular (at least monthly)** reconciliations are carried out between the data held on SIMS/RM Finance and the bank statement. Note the date of the most recent reconciliation.  2) Check to verify that all bank reconciliations are signed by the person performing the reconciliation. Confirm that completed bank reconciliations have been independently signed off by someone who understands the reconciliation process (preferably the Head Teacher).  3) Obtain an unreconciled items listing report from SIMS/ RM Finance and check that there are no unusual or long standing unreconciled items listed.  (Critically examine the listings of unreconciled payments and income for out of date or unusual items (e.g. unreconciled journal entries , duplicate entries, old unreconciled receipts - i.e. anything over 6 months old should be cleared as the bank may not process these.))  4) Examine the school's bank statements and confirm that the bank account has not been overdrawn in the last six months. (Please note the date, period and overdrawn amount). Ascertain whether the Council has been notified of any overdraft in a timely manner. |  | | |
| 6.1.3 | **Budget Cashflow Forecasting Procedures** | |  |  |  |
| *Key* | The school bank account should not go overdrawn. | 1) Obtain a copy of the school’s cashflow forecasting report/s used to predict the school’s future cash requirements and in particular to ensure that there will be adequate funds in the school’s bank account to cover the future monthly payroll deductions (especially during the next school holiday). |  | | |
| 6.1.4 | **Bank Signatories are appropriate** | |  |  |  |
|  | All cheques should be signed by two authorised signatories, and financial procedure notes should stipulate that supporting documents should be made available to both cheque signatories (i.e. invoice should be presented with the cheque). | Obtain a copy of the authorised signatures list for the school's main bank account (bank mandate form) and establish whether:  1) Two cheque signatories are required;  2) All signatories included on the bank mandate are current employees of the school (note: **governors should not be included as authorised signatories**)  3) Confirm that the sample signatures given on the bank mandate are manuscript signatures, (i.e. not initials or symbols). |  | | |
| 6.1.5 | **Procurement Cards are only issued to authorised staff** | |  |  |  |
|  | Procurement Cards are only issued to authorised staff. The Governing Body should authorise all cards prior to these being issued.  A signed agreement should be held confirming that the member of staff agrees to the terms of use. | Where applicable:  1) Check that the Governing Body has authorised the issue of all procurement cards in use  (Note: Debit Cards, Store card and Credit Cards are not permitted by the L.A. Only Council Procurement cards are allowed. No other procurement cards should be used.)  2) Confirm that there is an signed agreement in place for staff issued with procurement cards.  (Staff members should agree to the terms of use that the card will only be used for School purposes and this should be formally agreed in writing) |  | | |
| 6.1.6 | **Reconciliations are conducted for all procurement card expenditure** | |  |  |  |
|  | Procurement card statements should be reconciled on a monthly basis. | 1) Confirm that regular (monthly) reconciliations are conducted for procurement card expenditure by an independent member of staff  (Reconciliations should be conducted between items on card statements and receipts. A valid receipt should be held for all transactions listed.)  2) Examine expenditure listings for 1 month and confirm that items of expenditure are reasonable, i.e. for School purposes. |  | | |

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| Control Area: | **Information Governance [7]** | | | | | | |

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| 7.1.1 | **Governance Arrangements** | |  |  |  |
|  | In order to comply with the Data Protection Act and help ensure the protection of personal data, appropriate information governance should be in place. | Through discussion and examination of relevant documents establish:  1) Whether the School has an information governance policy (please note this may have another name such as Data Protection Policy) which should deal with how to maintain appropriate security over personal data.  2) How does the School maintain physical security over personal data?  3) How are information security breaches reported and dealt with?  4) How security of information taken home by teachers (if allowed) is ensured, both electronically and physically.  5) Are laptops and USB memory sticks encrypted?  6) How are laptops or USBs disposed of?  7) Does the School have a document retention policy? (For example Governing Body records should be retained on site for 7 years, personnel records, books of account, child records, etc). |  | | |
| 7.2.1 | **Data Protection Arrangements** | |  |  |  |
|  | To ensure that data held at the establishment is in accordance with the requirements of the Data Protection Registrar, the school should maintain a current entry in the Data Protection Register. This will be evidenced by the issue of a certificate to the school, which will show the dates of the period covered by the registration. | 1) Identify whether the Governors have registered the computer data with the Information Commissioner and obtain a copy of the certificate confirming the period to which the cover relates.  2) Establish who the responsible person at the school is, who has been delegated responsibility to control the requirements of the Data Protection Act. Verify that they maintain a copy of the authorised users of the systems and that the list is updated as and when staff leave or start at the school. |  | | |
| 7.3.1 | **Back Up Procedures and Business Continuity Plan in place** | |  |  |  |
|  | The Head Teacher should ensure that data is backed up regularly and that all back-ups are securely held (preferably off-site).  SFVS Question #23 requires that a business continuity or disaster recover plan is present and up to date. | 1) Establish and document the back-up procedures. Confirm that back-ups are held securely.  2) Confirm that the school has a business continuity plan that is up to date. Confirm that the Governing Body has approved the plan in the previous 12 months. |  | | |
| 7.3.2 | **Virus Protection** | |  |  |  |
|  | The Head Teacher should ensure that systems are in place to safeguard school software and data against computer viruses. | Document the systems that are in place to safeguard school software and data against computer viruses. |  | | |
| 7.3.3 | **Authorised Access** | |  |  |  |
|  | Computer systems used for school management should be protected by password security to ensure that only authorised staff have access. Passwords should be changed regularly. | Through discussion establish whether :  a) Only authorised staff have access to the computer systems.  b) Passwords are unique to each user and that these are changed regularly.  **N.b. Generic users such as ‘Sysman’ or Head Teacher should be disabled.** |  | | |
| 7.4.1 | **Loans of equipment properly controlled and recorded** | |  |  |  |
|  | There should be effective controls in place to ensure that the removal of all equipment from the school premises is monitored and logged.  Teachers should sign laptops for teachers forms to verify that they are aware the terms and conditions of use and on returning the laptops these forms should evidence the receipt back into school of the machine. | 1) Identify and document the system for approving and recording the loan of equipment (laptops & ipads) and assess whether these procedures are adequate. This should include a process to ensure that returned machines are receipted and records maintained of how machines are reallocated.  2) For a sample of items of equipment on loan at the time of the audit test for the following:   1. Authorised by an appropriate officer 2. Period of loan specified 3. Responsibility/liability clearly explained |  | | |

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| Control Area: | **Income [8]** | | | | | | |

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| 8.1.1 | **ParentPay income** | | |  |  |  |
|  | The majority of School income is now taken online through applications such as Parent Pay. | Ascertain whether the School uses and on-line payment system for parents to make payments to the school and note what type of payments are made using this system. (Typically this will be school meal income and school trip contributions.)  1) Establish how the on-line account is checked and reconciled to the SIMs system and school bank account and assess the appropriateness of this. Invariably, the on-line account will be used to update SIMs. In particular consider:   * Whether the checks are frequent enough (this will depend on the income value); * How missing income is determined and subsequently followed up. * Is there any form of second or double check (this may be concurrent with the monthly bank reconciliation)? | |  |  |  |
| 8.1.2 | **Income should be receipted and fully documented** | | |  |  |  |
|  | All income should be adequately receipted and recorded within the accounting records. | | 1) Note the types of Sundry Income paid into the bank according to the bank paying-in slip counterfoils.  2) Verify that supporting records is being maintained to record the person from whom the income has been received, the date received, the amount and the date the income is banked. |  | | |
| 8.2.1 | **Safeguarding of income received** | | |  |  |  |
|  | Cash and cheques should be securely locked away (once accounted for) to safeguard against loss and theft. | | Check to confirm that cash and cheques are securely locked away to safeguard against loss and theft. |  | | |
| 8.2.2 | **Authorisation of lettings** | | |  |  |  |
|  | All lettings should be authorised by the Head Teacher within a framework determined by the Governing Body and should be recorded in a register or diary. | | Obtain a copy of the school's lettings policy and establish whether:  1) The policy is up to date and includes a list of current fees and charges.  2) The policy has been approved by the Governing Body.  3) Income received from lettings has been collected in line with the current fees and charges.  4) All lettings are authorised by the Head Teacher and documented on booking forms (or equivalent documentation). Note whether the booking forms appropriately indemnify the school. |  | | |
| 8.2.3 | **School meals debts are reviewed and action is taken where** | | |  |  |  |
|  | School meals are paid for using parent pay. The School can view each pupil’s school meal account and determine the balance on the account.  Where pupil meal accounts are in debt the School should take appropriate action to recover the debt.  Where negative balances remain on School meal accounts this debt becomes the responsibility of the School. | | Obtain a listing of School meals debts for pupils and note the value of the debts.  Select 5 pupils with debts on their meal accounts and establish whether there is evidence that the School has taken appropriate action to recover the debt.  Obtain a listing of School meals debts for staff. |  | | |
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| Control Area: | **Health and Safety [9]** | | | | | | |

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| 9.1.1 | **Health and Safety Compliance Checks undertaken** | |  |  |  |
|  | To ensure that adequate health and safety compliance checks have been undertaken by the School and that these are up to date. | Confirm that certificates have been obtained for the following health and safety compliance checks, that these checks have been carried out annually (or as required) and that copies of the certificates have been supplied to the local authority:-   1. Legionella Risk Assessment 2. Fire Alarm Certificate 3. NICEIC Electrical Periodic Inspection Test Certificates 4. NICEIC Emergency Lighting Test Certificates 5. Gas Certificate 6. Fire Risk Assessment 7. Asbestos Survey . |  | | |
| 9.1.2 | **Health and Safety Policy / Procedures** | |  |  |  |
|  | The Health and Safety Executive website specifies that Schools should:   * Put in place sensible approaches to health and safety, with clear policies that focus on the real risks, and do not encourage unnecessary paperwork. * Implement arrangements that manage the risks to staff, pupils and visitors who may be affected by the school's activities. * Tell your employees about the real and significant risks in the school and the precautions they need to take to manage them. * Make sure your employees have the relevant information and training to manage risks on a day to day basis, including access to competent health and safety advice where needed. * Check that the control measures have been implemented and remain appropriate and effective (even where funding is delegated in the case of local authority controlled schools). | Confirm that the School has an approved Health and Safety Policy, which should include:   1. A general statement policy; 2. Who is responsible for what (delegation of tasks); and 3. Arrangements to establish, monitor and review measures needed to meet satisfactory health and safety standards. |  | | |
| 9.1.3 | **Accident recording and reporting** | |  |  |  |
|  | The accident book is also a valuable document that organisations can use to record accident information as part of their management of health and safety. It can be used to record details of injuries from accidents at work that employers must report under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).  The duty to notify and report rests with the ‘responsible person’. For incidents involving pupils and school staff, this is normally the main employer at the school.  Incidents involving contractors working on school premises are normally reportable by their employers. Contractors could be, e.g. builders, maintenance staff, cleaners or catering staff. | Confirm that the School has appropriate incident recording and reporting mechanisms in place. An accident book is strongly recommended. |  | | |
| 9.2.1 | **5 Year Maintenance Plan in place** | |  |  |  |
|  | In order to ensure that the school maintain its premises and other assets to an adequate standard to reduce the risk of urgent reactive repairs, a 5 year maintenance plan should be maintained. | Check that the school maintains a 5 year maintenance plan that outlines the maintenance requirements of the school. |  | | |

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| Control Area: | **School Fund Accounting [10]** | | | | | | |

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| 10.1.1 | **Appropriate accounting records maintained** | |  |  |  |
|  | To ensure that adequate and reliable accounting records are being maintained and that there is an annual review of the accounts. | 1) Identify who maintains the school’s School Fund Account  2) Determine the accounting system used to maintain the School Fund. |  | | |
| 10.2.1 | **Annual independent audit review of the accounts** | |  |  |  |
|  | To ensure that adequate and reliable accounting records are being maintained and that there is an annual review of the accounts. | 1) Identify and comment whether income and expenditure and fund balance statements have been prepared and audited (obtain copies of statements and the auditors report/opinion) in the **last 12 months**.  2) Identify and comment on whether the audited statements have been **presented to the Governing Body** (obtain a copy of the Governing Body Minutes)  3) Establish what the fund is used for (school trips, charity collections etc.) and where the fund has a high balance, seek an explanation as to how it was received and how it will be spent. |  | | |