

## GUIDANCE FOR SCHOOLS ON INTERNAL AUDIT VISITS

This guidance is intended to provide schools with information on the coverage of internal audit visits. The auditor will expect to see supporting evidence for all the areas listed below. Please note that this is only intended as a guide to the standard audit coverage and other information may be requested during the audit visit.

This guidance should also be viewed only as a guide to the coverage and the controls we would expect to see. This is not necessarily a comprehensive or prescriptive list of the controls required in each area.

<b>1. Governance</b>	
<b>1.1. Instrument of Government</b>	
1.1.1.	Chairs of the Governing Body and Finance Committee should be separate individuals.
<b>1.2. Meeting minutes</b>	
1.2.1.	Governing Body and Committee meetings are held in line with their terms of reference. The Governing Body should meet at least once a term.
1.2.2.	Timings of meetings are reasonable taking into account financial deadlines such as setting the budget.
1.2.3.	Meeting minutes are agreed and signed as an accurate record by the chair at the following meeting. These should be made available for the auditor to review
1.2.4.	Governing Body meeting minutes demonstrate that actions to address any issues are being monitored and regular updates are being provided by Committees.
1.2.5.	Declarations of interest are a standing agenda item in Governing Body and all Committee agendas.
<b>1.3. Committees</b>	
1.3.1.	A terms of reference is held for each committee, defining the responsibilities delegated to the committee, financial authorisation limits, quorum and frequency of meetings. Each committee should report to the Governing Body. Terms of reference should be available for the auditor to review.
1.3.2.	The terms of reference for the Finance Committee (or equivalent) should include: <ul style="list-style-type: none"> <li>• Frequency of meetings</li> <li>• Expenditure authorities delegated to head teacher</li> <li>• Reference to budget setting and reporting requirements</li> <li>• Budget Virements</li> <li>• Disposal of assets</li> <li>• Tendering / quotations needed</li> </ul>

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<ul style="list-style-type: none"> <li>• Contract approval</li> </ul> <p>1.3.3. Meetings of the Finance Committee or equivalent are in line with terms of reference.</p>	
<b>1.4. Register of Certifying Officers</b>	
<p>1.4.1. The governing body should formally delegate financial authority. The delegations should be up to date reflecting delegations for current staff and have been formally approved. The Register of Certifying Officers should include the roles and responsibilities of the governors, committees, head teacher and other relevant members of staff in relation to financial decision making in respect of capital expenditure, revenue expenditure and payroll.</p> <p>1.4.2. Financial limits are clearly specified and are reasonable for the size of the school. It should be clear what these limits relate to e.g. raising orders, approving invoices for payment, signing contracts.</p>	
<b>1.5. Financial Procedures</b>	
<p>1.5.1. Schools should have written financial procedures covering the key financial activities in that school e.g. ordering &amp; payment, authorisation of free school meals, petty cash use, maintaining inventories, lettings, procurement cards, expenses.</p> <p>1.5.2. Procedures should be approved by governors and this should be evidenced in minutes. Procedures should be reviewed periodically. And this should be evidenced so that the auditor can verify this.</p> <p>1.5.3. Schools should be able to access the Council's intranet, BORIS for access to key documents such as the Procurement Manual.</p>	
<b>1.6. Other Key Documents</b>	
<p>1.6.1. A record of all policies should be maintained showing when they were adopted and when they are next due for review.</p> <p>1.6.2. The following documents should be approved by the Governing Body (or committee where this has been delegated) on an annual basis, and this recorded clearly in the meeting minutes:</p> <ul style="list-style-type: none"> <li>• Register of Certifying Officers</li> <li>• Finance policy/manual</li> <li>• Other key policies</li> <li>• School Development Plan</li> <li>• Staffing Structure</li> <li>• Annual Budget (and three year budget where one is prepared)</li> <li>• Terms of Reference for Committees</li> <li>• Completed SFVS or detailed report from delegated Committee who have reviewed this prior to signature by the Chair of Governors</li> </ul>	

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1.6.3. Internal Audit reports should be reviewed by the Governing Body which should also monitor implementation of any agreed actions.	
<b>1.7. Declaration of Interests</b>	
1.7.1. A declaration of interests form is completed by all governors and staff with financial decision making responsibilities and these are reviewed annually and counter-signed by the Chair of Governors (for Governors and Head Teacher) or Head Teacher (for teachers and Chair Of Governors).	
<b>1.8. Whistleblowing Policy</b>	
<p>1.8.1. The School should have adopted a whistleblowing policy (this may be the Council Policy). The whistle blowing policy should cover:</p> <ul style="list-style-type: none"> <li>• How to raise concerns</li> <li>• Independent point of disclosure</li> <li>• Guarantee of anonymity</li> </ul> <p>1.8.2. The whistleblowing policy should be approved by the governing body and be made available to staff.</p>	
<b>2. Financial Management</b>	
<b>2.1. Budgetary Control</b>	
<p>2.1.1. <b>Budgeting is essential to good financial management. It provides the school with a clear view of how it intends to use its resources and sets out in clear terms how the school apply its financial resources to implement its development plan. Regular monitoring of the budget by the Head Teacher, governors and staff is essential to effective financial control. Regular monitoring enables potential overspends to be identified promptly so that remedial action can be taken.</b></p> <p>2.1.2. There should be an adequate timetable that would ensure that the budget is prepared and formally approved by the whole governing body in time to be sent to the LA by 31 May. The auditor will need to see evidence in minutes of approval of the budget by the governing body together with evidence that the budget has been submitted by the deadline. Budgeted income should be realistic and not overstated to make budget plans balance. Schools should also produce a three year budget forecast in addition to their annual budget.</p> <p>2.1.3. The budget is prepared in parallel with the school development plan and considers long term objectives.</p> <p>2.1.4. If a prior year deficit existed or a deficit budget is set, a plan is put in place to eliminate this and this plan should be agreed by the local authority.</p>	

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<p>2.1.5. If the School are carrying a significant level of reserves, a plan is in place that defines how these reserves will be used.</p> <p>2.1.6. Any earmarked / ring-fenced funds can be identified within the budget.</p> <p>2.1.7. The school FMS and LA Agresso records should be reconciled monthly and any errors identified. The auditor will need to see evidence of this.</p> <p>2.1.8. The budget should be entered on FMS and fixed. The auditor will check that the budget has been entered on FMS and test that the figures agree with those notified to the LA as seen on the AGRESSO reports. They will do this by obtaining report Annual Budget Listing – Ledger Code Summary from FMS and comparing it with a sample of codes in AGRESSO for both expenditure and income. The original approved budget entered on FMS should be fixed. Any virements should be formally approved before being posted on FMS.</p> <p>2.1.9. There should be documented evidence that progress against the budget including income, both actual and committed expenditure and year end forecasts of income and expenditure is monitored on a frequent basis by</p> <ul style="list-style-type: none"> <li>• The Headteacher (monthly)</li> <li>• The Governors (Finance Cttee &amp; FGB) (at least termly)</li> <li>• Key budget holders (as appropriate)</li> </ul> <p>2.1.10. Variances against the budget should be clearly shown in any budget reports together with explanations of any significant variations and notes of remedial action to be taken where appropriate. The auditor will want access to reports and minutes see evidence that this monitoring is taking place regularly and promptly and that appropriate action is being taken to address budgeting/expenditure issues. The auditor will need to identify explanations for any expenditure with no budget allocation.</p> <p>2.1.11. In addition to the budget position, the school should monitor cash flow and ensure bank balances are not overdrawn.</p>	
<b>2.2. Pupil Premium</b>	
<p>2.2.1. The auditor will want to ascertain how the pupil premium funding is being utilised to check that in the first instance this is being used for the benefit of vulnerable pupils.</p>	
<b>3. Bank Account</b>	
<p>3.1.1. <b>Please note that the auditor will need to obtain the bank account history report from FMS for the 12 months period up leading up to the audit.</b></p> <p>3.1.2. Schools should provide timely notification to Finance on changes to signatories so that Finance can inform the bank promptly of any individuals who have left the School who need to be removed from the</p>	

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<p>signatory list or add new signatories where required. The school should keep a record of notifications to Finance.</p> <p>3.1.3. Bank reconciliations to the latest bank statement should be undertaken on a monthly basis.</p> <p>3.1.4. Imprest returns should be submitted to Education Finance on a monthly basis. Bank statements should be submitted with the imprest.</p> <p>3.1.5. Schools should not allow their bank accounts to go overdrawn at any point without obtaining an approval for an overdraft via Education Finance.</p> <p>3.1.6. Bank reconciliations are signed and dated by the officer conducting the reconciliation and reviewed and signed by a second officer (usually the School Business Manager or the Head Teacher). No long standing unreconciled items are listed (over six months).</p> <p>3.1.7. Unreconciled items listing reports should be produced as part of the bank reconciliation process and any remedial action to clear long standing items retained</p>	
<b>4. Procurement</b>	
<b>There should be clear segregation of duties in place so that an individual cannot order, receipt and authorise payment for any single transaction.</b>	
4.1. Quotations	
<p>4.1.1. <b>Because schools use public funds, it is important that they get the best value for money they can for all purchases. This includes both goods and services, and is especially important for higher value purchases. Without comparative quotes being sought for higher value purchases, there is a risk that the School may be unable to demonstrate that value for money has been sought. This area is also important to prevent waste, reputational damage and fraud.</b></p> <p>4.1.2. Quote requirements should be followed in accordance with Contract Standing Orders or the School's own procedures where these are more restrictive and evidence of this should be retained. Where the cheapest quote is not selected, justification should be recorded.</p> <p>4.1.3. Where quotes are not obtained in accordance with Contract Standing Orders or the School's own procedures where these are more restrictive, a waiver form should be completed and approved.</p>	
4.2. Purchase orders	
<p>4.2.1. <b>The auditor will look to ensure purchase orders have been raised and authorised by an individual with the relevant delegated authority to verify there is control over the spending decisions.</b></p>	

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	<p>The purpose of a purchase order is to:</p> <ul style="list-style-type: none"> <li>• Demonstrate authorisation to incur the expenditure (i.e. confirming that there is sufficient budget, the proposed expenditure is needed and that the required number of quotations have been obtained) prior to contacting the supplier</li> <li>• Commit the expenditure on the system for budget monitoring purposes</li> <li>• Clearly define the goods/services being purchased for future reference (for example when checking goods/services received)</li> </ul> <p>4.2.2. Exceptions to raising purchase orders would include:</p> <ul style="list-style-type: none"> <li>• Items where the cost can only be determined on receipt of the invoice such as utility payments, book fair invoices and phone bills</li> <li>• Contract payments where same amount is paid to the contractor on a regular basis (e.g. monthly payments for photocopier leases)</li> <li>• Emergency orders such as emergency repairs and supply staff to cover sickness (long term supply and non-emergency repairs could be subject to purchase orders).</li> </ul> <p>4.2.3. Many of the standards relating to purchasing are there to protect individuals and to ensure that public money is spent without personal gain. The Governing Body needs to know whom it has delegated to authorise purchases and be confident that they are carrying out the task effectively. Without official orders being appropriately authorised prior to purchases being made, there is a risk that the authorisation and commitment processes are by-passed which could result in inappropriate purchases and poor budgetary control.</p> <p>4.2.4. Therefore all orders must be signed by an approved member of staff. Schools must maintain a register of staff authorised to sign off orders. This authorisation <u>must</u> be evidenced by signature. The signatory of the order should be satisfied that the goods or services ordered are appropriate and needed, that there is adequate budgetary provision, and that the required quotations have been obtained, prior to authorising the order.</p> <p>4.2.5. The order should be recorded on FMS (thus raising a commitment entry), an official order should be sent to the supplier and a copy should be retained on file.</p>	
4.3. Goods/ Services Received Check		
4.3.1.	<b>Upon receiving purchased goods or services from a supplier, it is important to make sure that the correct quantity and quality was</b>	

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<p>received. Without goods/services received checks, there is a risk that payments are made for goods and services that are not received.</p> <p>4.3.2. Deliveries of goods and services should be checked against the original order and invoice, and evidenced as such by signature before the invoice is paid. The person checking the goods/services received should be independent of the person responsible for the administration of orders and payments.</p>	
<h3>4.4. Authorisation Of Invoices</h3>	
<p>4.4.1. <b>It is important that adequate arrangements are made at schools for proper control to be exercised over the payment of invoices. There needs to be a consistent procedure for the certification of and payment of invoices for goods and services received. As far as possible/practical, different people should be involved in authorising orders, checking deliveries, and checking and authorising invoices, in order to reduce the risk of fraud. Without approval and certification of invoices, there is risk that authorisation requirements may be bypassed, duplicate payments may be made, payments may be made for goods and services that have not been received and/or inappropriate expenditure may be incurred.</b></p> <p>4.4.2. The original invoice should be signed by the authoriser (in line with the Register of Certifying Officers), and retained on file. Where VAT is paid, a VAT invoice should be retained.</p> <p>4.4.3. Before passing an invoice for payment, documented checks should confirm:</p> <ul style="list-style-type: none"> <li>• receipt of goods or services, cross-referenced and checked with the order</li> <li>• expenditure has been properly incurred and payment has not already been made</li> <li>• prices accord with quotations/tenders, contracts or catalogue prices, and calculations are correct</li> <li>• correct accounting treatment of VAT</li> <li>• the invoice is correctly coded and includes the School's name and address</li> <li>• discounts have, where appropriate, been applied</li> </ul> <p>4.4.4. In addition, making sure that invoices are valid for VAT purposes (i.e. show at least minimum information required by HMRC) helps ensure that the school is not at risk of failing to meet HMRC requirements and will be able to reclaim VAT on eligible purchases.</p> <p>4.4.5. Schools should never make payment on the basis of a photocopied</p>	



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<p>invoice or a statement from a supplier. If an invoice goes missing, the school should request a certified copy from the supplier before processing it.</p> <p>4.4.6. Copy invoices should only be requested if the original has gone astray. Upon receipt of a copy invoice, FMS order records should be checked to ensure that payment has not been made. Only when these checks have been carried out should arrangements be made to authorise and pay the invoice in the normal manner</p> <p>4.4.7. The school should maintain a list of staff authorised to certify invoices for payment. A list of names and sample signatures of authorised signatories must be held by the school.</p> <p>4.4.8. All cheque payments require any two of the authorised bank signatories. Certified invoices should be shown to the signatories at the stage when the cheque is to be signed.</p> <p>4.4.9. Once paid, all invoices should be easily identifiable as paid, dated and stored securely with the purchase orders, quotations and delivery notes, where applicable.</p> <p>4.4.10. Schools are required to retain invoices for six years from the date of payment, for audit and HMRC purposes.</p> <p>4.4.11. Invoices should be paid within the payment term (usually 30 days) and where any queries or disputes are raised, the relevant invoice should be annotated to indicate the reason for withholding the payment and the status of the query/disputes.</p>	
<h3>4.5. High Value Purchases and Contracts</h3>	
<p>4.5.1. Procurement Plans including advice from Legal and Finance must be prepared and approved by the Governing Body in accordance with the Procurement Manual which is available on BORIS.</p> <p>4.5.2. Quotes/tender requirements must be followed in accordance with the Contract standing Orders and Procurement Manual which are available on BORIS. In exceptional cases a waiver may be completed but this will need to include advice from Legal and Procurement for contracts expected to be in excess of £35k and must be approved by the Governing Body.</p> <p>4.5.3. Evidence of all stages of the procurement process must be retained. Where the cheapest quote is not selected, justification should be recorded. For expenditure over the advertising/ tendering thresholds, the evaluation must be in accordance with the evaluation model in the advertisement and evidence of the evaluation must be retained.</p> <p>4.5.4. There should be evidence of approval of the expenditure/contract award by the Governing Body and evidence of approval should be recorded in the relevant meeting minutes.</p>	



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<p>4.5.5. Contracts are subject to the Governing Body or delegated Committee's approval and evidence of the approval should be recorded in the relevant meeting minutes. As part of the approval, the Governing Body (or Committee) must be satisfied that alternative options have been considered and that the selected option provides value for money.</p> <p>4.5.6. The signed contract should be retained and the contract published where appropriate.</p> <p>4.5.7. There should be contract management arrangements in place to monitor performance against the contract and review this with the contractor. Where performance issues are identified, remedial action should be agreed with the contractor and this should be evidenced.</p> <p>4.5.8. Invoices must be subject to the same checks prior to payment as noted in 4.4.</p>	
<p>4.6. Payments to Self Employed Individuals</p>	
<p>4.6.1. <b>Where payments are made to individuals, who are deemed to be employees by HMRC, without NI and PAYE deductions being made, there is a risk that the School will be held liable for the PAYE and NI for these payments and may be fined.</b></p> <p>4.6.2. Steps should be taken to verify the tax status of these individuals prior to making direct payments to them without deduction of tax. The HMRC 'view' of the employment status of the individual should be obtained by using the Employment Status Indicator (ESI) tool <a href="http://www.hmrc.gov.uk/calcs/esi.htm">http://www.hmrc.gov.uk/calcs/esi.htm</a> and NI and PAYE deductions, where appropriate, should be made from future payments.</p>	
<p>4.7. Advance Payments</p>	
<p>4.7.1. Payments to suppliers should not be made in advance except for exceptional circumstances. For example, a deposit or initial down payment may be required or payment may be required at point of sale before goods are delivered if goods are purchased online. This gives the School some bargaining power if goods or services provided are not to the required standards and to protect the School from suppliers not providing the goods or services paid for. (Note, this may not apply to contracts with the Council as the risk is reduced).</p>	
<p>4.8. Appropriate Expenditure</p>	
<p>4.8.1. Under the Scheme of Financing Schools, monies should only be spent for the purposes of the school. In light of increased economic pressures, Schools should consider whether any proposed expenditure is an appropriate use of public money and is reasonable, prior to committing to this expenditure. Examples of expenditure which might be considered inappropriate include monies spent on items such as</p>	

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staff parties, staff lunches, alcohol, gifts and flowers.	
<b>5. Staff Expenses &amp; Petty Cash</b>	
5.1. Expenses	
<p>5.1.1. The expense policy should be reviewed and approved by the Governing Body and should be subject to regular review. As minimum, the policy should set out the types of allowable expenses, time limits for submitting claims, approval requirement, and the need to submit the relevant form and valid receipts.</p> <p>5.1.2. All claims should be:</p> <ul style="list-style-type: none"> <li>• Within the allowable expenses set out in the policy;</li> <li>• Submitted promptly within the time limits;</li> <li>• Be supported with a completed form (setting out the reason for the expense and signed by the claimant) and valid receipts; and</li> <li>• Be approved in line with the policy.</li> </ul>	
5.2. Petty Cash	
<p>5.2.1. All claims should be:</p> <ul style="list-style-type: none"> <li>• Reasonable and relate to the School;</li> <li>• Submitted promptly;</li> <li>• Supported with a completed claim form (setting out the reason for the spend and signed by the claimant) and valid receipts;</li> <li>• Approved by an authorised officer who is independent of (and preferably more senior than) the claimant; and</li> <li>• Signed by the claimant to confirm receipt of the money.</li> </ul> <p>5.2.2. Petty cash reconciliations should be carried out regularly to confirm that the balance recorded on FMS matches the cash held. The reconciliation should be reviewed by an independent senior officer and evidence of the reconciliation. Both the officer completing the reconciliation and the officer reviewing should sign and date the reconciliation as evidence.</p>	
<b>6. Leasing</b>	
6.1. Leasing	
6.1.1. Schools should not enter into any finance leases as these are considered to be borrowing. Whilst schools may enter into operating leases, schools should not enter into any leasing arrangements without obtaining formal advice from the Borough Solicitor and formal approval from the Borough Treasurer as required by the Council's Contract	

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<p>Standing Orders and Procurement Manual. Evidence of this must be retained.</p> <p>6.1.2. As noted above, evidence of all stages of the procurement process for any lease should be retained.</p> <p>6.1.3. Where the School has any leasing agreements in place, any documents such as the leasing agreement, payment summary, balance statement, and any other correspondence must be retained.</p>	
<b>7. Income</b>	
<b>7.1. Lettings</b>	
<p>7.1.1. Every school should have a lettings policy approved by the Governing body, which sets out a charging policy.</p> <p>7.1.2. Each hirer should have an agreement with the school which is updated annually. The agreement should include details of insurance arrangements</p> <p>7.1.3. Caretakers' overtime sheets should be signed by the hirer to certify attendance and entitlement or there should be some other means to confirm this e.g. signing in books.</p> <p>7.1.4. There should be a procedure in place for issuing invoices for both one off and recurring lets. Invoices should be raised on a timely basis and where monies are not received within 30 days steps should be taken to follow this up with the hirer.</p>	
<b>7.2. Income</b>	
<p>7.2.1. All income received by the School should be recorded at the point of receipt (through issuing receipts or maintaining cash collection records).</p> <p>7.2.2. All income should be identified, collected and banked in full into the imprest account on a prompt basis with adequate records being maintained. Regular banking should be taking place.</p> <p>7.2.3. Transfers of money between staff should be recorded and signed for by both parties involved in the transfer... A copy of the signed record should be held with other banking records to provide an audit trail for the income</p> <p>7.2.4. FMS (or equivalent) should be updated promptly with the income to facilitate effective bank reconciliation process. FMS (or equivalent) should never be updated on the basis of the bank statement as any discrepancies will not be identified. Exceptions to this may be where income is received directly into the bank account which will require a journal entry.</p> <p>7.2.5. There should be adequate segregation of duties. For example, one officer should not be responsible for collecting, recording, carrying out</p>	

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<p>daily reconciliation, preparing paying in slips, and recording onto FMS (or equivalent).</p> <p>7.2.6. A clear audit trail should be maintained from income collection through to banking.</p>	
<p><b>8. Staffing and Safeguarding</b></p>	
<p>8.1. Starters, Supply Cover and Leavers</p>	
<p>8.1.1. Staff costs make up a substantial proportion of total expenditure in schools. A Single Central Record of Staff should be maintained.</p> <p>8.1.2. Auditors will look at changes in staffing in particular starters and leavers. Control over safeguarding risks will also be addressed through review of pre-employment checks. The Children, Young People &amp; Learning Safeguarding Children – Safer Recruitment and Selection in Schools must be adhered to. Personnel records for new starters should include the following and sample checking of starters will be undertaken to verify this:</p> <ul style="list-style-type: none"> <li>• Pre-employment check list</li> <li>• Completed application form</li> <li>• Letter of appointment</li> <li>• References (2)</li> <li>• Evidence of qualifications if appropriate</li> <li>• Evidence of right to work in UK</li> <li>• DBS</li> <li>• Where a DBS clearance is not obtained prior to start date, a manual check to the Vetting and Barring List should have been completed via BFC Education HR and evidence that this has been done should be held on file. In addition, the Headteacher must have completed and documented a risk assessment and taken all practical steps to ensure that no unsupervised contact with children is allowed. This should be documented and held on file.</li> <li>• Signed notification to Payroll</li> </ul> <p>8.1.3. Auditors will need to see the above documentation for the samples tested.</p> <p>8.1.4. PLEASE NOTE THAT PRE-EMPLOYMENT CHECKS ARE VIEWED AS A FUNDAMENTAL SAFEGUARDING CONTROL. WE NOTE THAT THE INTRODUCTION OF DBS CHECKS TO REPLACE CRB HAS CAUSED CONFUSION IN REQUIREMENTS. FOR ALL NEW STARTERS WITH A START DATE AFTER 31ST MAY 2014, A PRIORITY 1 RECOMMENDATION WILL BE RAISED WHERE THE DBS CHECKS HAS NOT BEEN RECEIVED BACK AND NO MANUAL CHECK TO THE CHILDREN'S BARRED LIST (PREVIOUSLY LIST 99)</p>	

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	<p>HAS BEEN DONE VIA BFC EDUCATION HR PRIOR TO THE EMPLOYEE'S START DATE (EVEN WHERE A RISK ASSESSMENT HAS BEEN COMPLETED AND DOCUMENTED). THIS WILL AUTOMATICALLY LEAD TO A LIMITED ASSURANCE OPINION OVERALL (SEE APPENDIX A FOR DEFINITIONS). FOR STARTERS PRIOR TO 1ST JUNE 2014, A PRIORITY 1 RECOMMENDATION WILL BE RAISED WHERE THE DBS CHECKS HAS NOT BEEN RECEIVED BACK AND IN ADDITION NO RISK ASSESSMENT HAS BEEN COMPLETED AND DOCUMENTED PRIOR TO START DATE.</p> <p>8.1.5. All supply teachers must have been subject to DBS checks. Auditors will look for evidence of this and evidence as above on checks to manual vetting and barring lists and risk assessments where DBS clearance is not obtained prior to start date</p> <p>8.1.6. All leavers should have notification made to the relevant payroll provider with sufficient notice to allow this to be processed prior to the leave date. The notification should include details of any additions or deductions necessary with regards to final pay.</p>	
<b>8.2. Additional Payments, Honorarium and Other Payments</b>		
<p>8.2.1.</p> <p>8.2.2.</p> <p>8.2.3.</p>	<p>Advice from Legal and HR should be sought in respect of anyone at the school undertaking additional roles and responsibilities within the school outside their contract of employment with the school or where the Head teacher or any member of staff is carrying out work outside of the school e.g. Ofsted inspections, delivering training. Evidence of this should be retained for the auditor to review.</p> <p>Any such additional work or work outside of the school should be approved by the Governing Body to ensure that this does not compromise or impact upon the role and responsibilities of the individual. In taking this decision, Governors should be provided with details of the full cost implications for the school to enable them to make an informed decision. This detailed costing of loss of staff time for staff working outside the school should take into account remuneration, employers NIC, pension contributions, etc. Supporting reports to governors should be retained so that the auditors can review this.</p> <p>The auditors will need to ascertain what payment arrangements are in place. Evidence of payments made and supporting documentation should be retained for testing.</p>	
<b>8.3. DBS Checks for Governors</b>		
<p>8.3.1.</p>	<p>Where a governor has been elected or appointed before 1st April 2016 and does not hold an enhanced DBS 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</p>	

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<p>1st April 2016 and does not hold an enhanced DBS certificate, the governing body must apply for such a certificate in respect of that governor within 21 days after his or her appointment or election.”.</p>	
<b>9. Assets and Inventory</b>	
9.1. Asset Inventory	
<p>9.1.1. Schools often have attractive and portable items of equipment such as computers, televisions, and cameras. These assets need to be kept securely and recorded as an inventory,</p> <p>9.1.2. The inventory should include attractive, valuable and portable items. Schools may keep the record manually or electronically and should include the following details:</p> <ul style="list-style-type: none"> <li>• Date of acquisition</li> <li>• Serial number</li> <li>• Description of item</li> <li>• Location</li> <li>• Cost/estimated replacement value</li> <li>• On Loan/Disposed of.</li> </ul> <p>9.1.3. Records should be updated as and when assets are purchased or disposed of;</p> <p>9.1.4. An asset check should be carried out annually, by an officer independent of the person maintaining the inventory. This check should be evidenced, and the outcome of the check should be reported to the Governing Body. Where any discrepancies are identified (for example if there are some assets on the record which cannot be physically located), these should be investigated promptly and also reported to the Governing Body.</p>	
9.2. Laptops for Teachers	
<p>9.2.1. “Laptops for teachers” forms should be completed and signed on issue of laptops to verify receipt of the laptop and understanding of the terms and conditions of use.</p> <p>9.2.2. When the laptop is returned, this should be recorded on the laptop form which should be signed to evidence that asset has been returned to stock.</p>	
<b>10. Private Funds</b>	
10.1. Private Funds	
<p>10.1.1. Where the School has private fund(s), separate income and expenditure records should be maintained and supporting documents such as invoices and receipts should be retained.</p>	

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<p>10.1.2. Income should be recorded on receipt and there should be clear records of how much cash is held at any time. Banking of monies received should be regular and prompt.</p> <p>10.1.3. Accounts should be reconciled regularly throughout the year and signed off by the officer completing the reconciliation. The reconciliation should be reviewed and signed off by the Head Teacher.</p> <p>10.1.4. The accounts should be independently audited annually within six months of the year end of the accounts and the audit report should be presented to the Governing Body. Audit report should be retained and evidence of the Governing Body receiving the audited accounts should be recorded in the relevant meeting minutes. Private Funds should be self-sufficient and balances should not be transferred from the School's main budget share to subsidise the fund</p>	
<b>11. Procurement Cards</b>	
11.1. Procurement Cards	
<p>11.1.1. Schools need to agree relevant processes and procedures in accordance with the model statement produced by BFC which schools can amend, but it must retain the Council's key controls and conditions. The relevant committee of governors needs to approve these.</p> <p>11.1.2. Issue of cards to card holders should be approved by governors. Schools should be able to evidence that all card holders have been provided with a copy of the conditions. The auditor will need to see this. Where card holders leave the school, the card must be cut up and returned to the Procurement Card Administrator. The auditor will need evidence that where card holders have left the school or cease to be card holders, their cards have been returned to the Procurement Card Administrator.</p> <p>11.1.3. Cards must only be used for the purposes as set out in the Council's Government Procurement Cards - Conditions for Schools. Statements and receipts for expenditure should be retained and made available to the auditor for review. The auditors will undertake testing of expenditure on purchase cards to confirm compliance with conditions and ensure cards have only been used for bone fide School expenditure.</p>	
<b>12. Bursary Scheme (Sixth Forms only)</b>	
12.1. Bursary Scheme	
<p>12.1.1. Bursary scheme funding is ring fenced and should be reflected as such in the school budget. It must not be used for any other purpose.</p> <p>12.1.2. Where bursaries are applied for, schools should check that the pupil satisfies the general eligibility criteria as follows:</p> <ul style="list-style-type: none"> <li>• To be eligible to receive a 16-19 Bursary the young person must</li> </ul>	



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<p>be aged under 19 at the start of the academic year in which they start their programme of study. Where a young person turns 19 during their programme of study, they can continue to be supported to the end of the academic year in which they turn 19, or to the end of the programme of study, whichever is sooner.<sup>1</sup> In general, bursaries should be paid only to young people who have reached the statutory school leaving age.</p> <ul style="list-style-type: none"> <li>• Young people should satisfy the residency criteria in the EFA Funding Guidance</li> <li>• Young people should be participating in provision that is subject to inspection by a public body that assures quality (e.g. Ofsted). That provision must also be:             <ul style="list-style-type: none"> <li>⇒ funded by the EFA (either directly or via a local authority); or</li> <li>⇒ funded or co-financed by the European Social Fund; or</li> <li>⇒ otherwise publicly funded and Lead to a qualification (up to level 3) that is accredited by Ofqual or is pursuant to Section 98 of the Learning and Skills Act 2000.</li> </ul> </li> </ul> <p>12.1.3. There should be appropriate evidence of eligibility from those students in receipt of the £1,200 Bursary for vulnerable groups (e.g. a letter setting out the benefit to which the young person is entitled or written confirmation from the local authority of the student's current or previous looked-after status). There should be controls in place to ensure that vulnerable student payments have been drawn down correctly from the Learner Support Service, i.e. duplicate or non-existent students have not been claimed for ).</p> <p>12.1.4. Controls should ensure that the discretionary element of Bursary funding is only paid to students facing financial barriers to participation (e.g. the costs of transport, meals, books and equipment, and other course-related items), that actual financial need has been appropriately assessed and documented (NB - making 'blanket' or 'flat-rate' payments, i.e. payments of identical amounts to large numbers of students in receipt of a discretionary bursary, is therefore not recommended) and any allowances or other sources of financial support have been taken into account. Auditors will check a small sample of bursaries awarded to ensure compliance with the above, confirm there is a copy of the standards agreed by the school with the Learner and check that the bursary has been paid as agreed. Evidence that the student has confirmed they accept the terms and conditions of the bursary should be retained for review by the auditor.</p>	
<b>13. Fraud Risks</b>	
<p>13.1.1. Schools should identify their fraud risks by considering what potential internal or external frauds could in their school e.g. claim for bogus</p>	

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<p>expenses (internal) or supplier bank mandate fraud (external) and put controls in place to mitigate against these risks. The School Fraud Risk Health Check may be used to inform this.</p>	
<p><b>14. Previously Agreed Recommendations</b></p>	
<p>14.1.1. Previous audit recommendations should be addressed - either implemented or BFBC audit informed if cannot or will not implement. Auditors will look at the recommendations in the previous report and through testing and discussion ascertain if these have been implemented. The audit report will specifically report on implementation and flag up any agreed recommendations that have not been implemented</p>	

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### DEFINITIONS OF AUDIT OPINIONS

In order to assist management in using our reports:

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

	<b>Significant Assurance</b>	There is a sound system of internal controls to meet the system objectives and testing performed indicates that controls tested are consistently complied with.
	<b>Satisfactory Assurance</b>	There is basically a sound system of internal controls although there are some minor weaknesses in controls and/or there is evidence that the level of non-compliance may put some minor systems objectives at risk.
	<b>Limited Assurance</b>	There are some weaknesses in the adequacy of the internal control system which put the systems objectives at risk and/or the level of compliance or non compliance puts some of the systems objectives at risk.
	<b>No Assurance</b>	Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

b) We categorise our **recommendations** according to their level of priority.

	<b>Priority 1</b>	Fundamental weakness in the design of controls or consistent non-compliance with controls that puts the achievement of systems objectives at risk
	<b>Priority 2</b>	Weakness in the design of controls or inconsistency in compliance with controls puts the achievement of systems objectives at risk
	<b>Priority 3</b>	Recommended best practice to improve overall control.