

## Appendix 2 - Recent Internal Audit Reports

Audit Report	Audit Opinion	Issues Raised			Comments
		Critical Risk (Red)	Major Risk (Amber)	Moderate Risk (Yellow)	
Blessed Edward Jones RC High School	Medium	0	0	13	
School Improvement - review of admin, terms & conditions, TOIL & travel costs	n/a	0	0	9	No formal opinion issued. Report not presented to Corporate Governance Committee yet due to on-going TU negotiations
Financial Payments to Care Leavers	n/a	0	0	4	Informal summary report only. No formal opinion issued.

***Denbighshire Internal Audit Services***  
*Caledfryn, Smithfield Road, Denbigh, LL16 3RJ*

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# **Blessed Edward Jones R.C. High School**

February 2014



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## Purpose & Scope of Review

We carried out a review of Blessed Edward Jones R.C. High School in October 2013 as part of our risk-based Internal Audit Assurance Plan. Our review focused on the following areas:

- Governance arrangements
- Financial management
- Purchasing controls
- Income controls
- School Fund management
- Health, safety and security
- ICT and information security controls
- Admissions

## Assurance Rating

(Based on areas reviewed)

	High Assurance	Risks and controls well managed
	Medium Assurance	Risks identified but are containable at service level
	Low Assurance	Risks identified that require meeting with Corporate Director/Lead Member
	No Assurance	Significant risks identified that require member / officer case conference

## Audit Opinion

Overall, the School has shown significant improvement since our last review three years ago, particularly in its governance arrangements and financial management.

Although governance has improved, there are further improvements needed to ensure that arrangements are more robust, in particular relating to Disclosure and Barring Service (DBS) checks and other qualification/disqualification checks. However, the School complies with the Government of Maintained Schools (Wales) Regulations 2005 in the composition of its Governing Body and committees and has all the required policies in place.

The School faces financial pressures due to deficits brought forward and falling pupil numbers. The deficit has already been significantly reduced and the School is developing a financial recovery plan to avoid having its delegated powers removed.

Specific financial operational areas have also been improved, for example purchasing, income and, in particular, management of the School Fund, which was very poor during our previous review. There are a few improvements needed, such as making sure that purchase orders are issued more often, paying invoices promptly and ensuring that supporting documentation for School Fund expenditure is in place, but the main controls are evident and working effectively.

The remaining areas covered in our review are also well-managed overall, with a few operational improvements needed, for example, to improve some areas of health, safety and access security, data security and compliance with the Welsh Admissions Code 2013.

Although we have raised 13 issues in our report, these are mainly operational and, given the level of improvement made since our last review, we have provided a Medium Assurance Rating for the School.

# Action Plan

**Audit Review of:** Blessed Edward Jones R.C. High School

**Date:** February 2014

**Action Plan Owner:** Head teacher - Dominic Tobin

Corporate Risk/Issue Severity Key	
	<b>Critical</b> – Significant CET and Cabinet intervention
	<b>Major</b> – intervention by SLT and/or CET with Cabinet involvement
	<b>Moderate</b> – Containable at service level. Senior management and SLT may need to be kept informed

Risk/Issue No.	Risk/Issue	Action	Who	When
1.	The composition of the Governing Body is incomplete as there is a vacancy for a LEA governor and also a vacancy for the clerk to the governors.	<ul style="list-style-type: none"> <li>Propose to advertise externally for a Clerk to the Governors. Job description &amp; person specification being prepared.</li> <li>Chair of Governors aware of the vacancy and approach to be made to prospective governor</li> </ul>	<p>Business &amp; Finance Manager</p> <p>Chair of Governors</p>	<p>January 2014</p> <p>February 2014</p>
2.	Not all governors have been checked by the Disclosure and Barring Service (DBS) and other qualification/disqualification checks, including Bankruptcy and Company Directors Disqualifications need to be completed for all governors.	<ul style="list-style-type: none"> <li>DBS packs requested again for 3 new governors 4 December 2013</li> <li>Other checks to be investigated and undertaken for all governors when new Clerk is appointed.</li> </ul>	<p>Personal Assistant to Head teacher</p> <p>New Clerk to the Governors</p>	<p>January 2014</p> <p>February 2014</p>
3.	Not all members of staff who can influence financial decisions have completed declaration of business interest forms.	Review of declaration of business interest forms to be undertaken and omissions completed.	Personal Assistant to Head Teacher	January 2014

Risk/ Issue No.	Risk/Issue	Action	Who	When
4.	<p>Governing Body minutes need to be improved in the following areas:</p> <ul style="list-style-type: none"> <li>• They do not include who is to complete actions and by when.</li> <li>• They lack evidence to show the Governing Body acting as a critical friend.</li> <li>• They do not show that the Governing Body discusses and agrees all action.</li> <li>• Some minutes were missing</li> <li>• The Chair had not signed most sets of minutes that we saw.</li> </ul>	<ul style="list-style-type: none"> <li>• New Clerk to receive training to ensure actions agreed in meetings are allocated to members with estimated time for completion.</li> <li>• New Clerk to receive training to ensure that discussions which evidence Governing Body acting as critical friend are documented correctly.</li> <li>• Minutes template to be revised to include update/ review of actions from previous meetings</li> <li>• Review of minutes for last 12 months to be undertaken by new Clerk when in post and copies taken for the minutes file</li> <li>• When new Clerk appointed, all minutes will be reviewed to ensure that they are all signed by the Chair.</li> </ul>	New Clerk to the Governors	As soon as possible after appointment – by February 2014
5.	<p>The financial management document is out of date and does not agree with the current committee list. There is also no reference to health and safety in the terms of reference for the H&amp;S and Resources Committee.</p>	<ul style="list-style-type: none"> <li>• Governance of Financial Management Policy to be reviewed and amended in line with recent personnel/ process changes.</li> <li>• Terms of Reference for H &amp; S and Resources Committee to be revised for consideration at next meeting.</li> </ul>	<p>Business &amp; Finance Manager/ Finance Committee</p> <p>New Clerk/ Finance committee</p>	<p>May 2014</p> <p>May 2014</p>

Risk/ Issue No.	Risk/Issue	Action	Who	When
6	The School needs a robust financial recovery plan to significantly reduce its budget deficit and prevent removal of its delegated powers.	<ul style="list-style-type: none"> <li>• Budget figures for 2014/15 awaited, together with projections for next two years. Upon receipt, revised three-year projections to be prepared.</li> <li>• Full restructure of teaching and support staff to be undertaken starting in January 2014 to remodel workforce requirements.</li> <li>• Close monitoring of expenditure to continue with monthly finance reviews between Head teacher &amp; Business &amp; Finance Manager</li> </ul>	<p>Business &amp; Finance Manager</p> <p>Head Teacher/ Business &amp; Finance Manager/ Governing Body</p> <p>Head Teacher/ Business &amp; Finance Manager</p>	<p>January 2014</p> <p>By May 2014</p> <p>Ongoing</p>
7	The number of stand-alone invoices that the School processes is too high, increasing the risk of unauthorised purchases and making budgetary control more difficult.	<ul style="list-style-type: none"> <li>• List of annualised expenditure in key areas, e.g. supply, general maintenance, etc. being compiled to identify areas for improvement</li> <li>• Purchase orders to be raised in April 2014 for all areas identified above so that invoices received can be matched upon receipt.</li> <li>• All employees to be reminded to follow authorisation process for all planned expenditure.</li> <li>• Data to be obtained from Proactis team to monitor % improvement during the year.</li> </ul>	<p>Finance &amp; Administration Officer/ Business &amp; Finance Manager</p> <p>Finance &amp; Administration Officer/ Business &amp; Finance Manager</p> <p>Head Teacher</p> <p>Business &amp; Finance Manager</p>	<p>Ongoing to March 2014</p> <p>April 2014</p> <p>February 2014</p> <p>December 2013 (ongoing data collection)</p>

Risk/ Issue No.	Risk/Issue	Action	Who	When
8	Invoices are not always paid promptly, increasing the risk of suppliers claiming interest for late payment.	System to be set up by Business & Finance Manager/Finance Officer to chase progress of purchase orders on a weekly basis to ensure that invoices are received and paid within terms of credit agreement	Business & Finance Manager  Finance & Administration Officer	End March 2014.
9	<p>There are some security and access issues that the School needs to address:</p> <ul style="list-style-type: none"> <li>• Pupils are gaining access through an exit only route.</li> <li>• Reception staff allow pupils access to the administration corridor through a fob-controlled door without checking whether there is someone there to meet them. This allows pupils access to unlocked offices.</li> <li>• Fob keys are not reconciled, so members of staff no longer working at the School may still have access.</li> <li>• It would be beneficial to carry out a risk-assessment of the Reception area, where there is no CCTV, panic alarms and limited exits.</li> </ul>	<ul style="list-style-type: none"> <li>• Reception staff to be advised not to allow pupil access to the admin corridor without checking that members of staff are available.</li> <li>• Members of staff occupying offices along the administration corridor issued with keys for their offices. All members of staff advised that offices should be locked when empty.</li> <li>• Caretaker to complete audit of fobs each term, making adjustments as and when required. Records to be maintained as evidence</li> <li>• Risk assessment of the Reception area to be completed as advised</li> </ul>	<p>Business &amp; Finance Manager</p> <p>Business &amp; Finance Manager</p> <p>Caretaker</p>	<p>December 2013</p> <p>December 2013</p> <p>From January 2014</p>
10	Members of staff do not have any formal guidance on lone working, which is needed for robust health and safety management.	Lone working policy to be developed using DCC guidance and made available to all staff. Hardcopy to be issued to key holders(Caretakers/ Head teacher/ Business & Finance Manager)	Business & Finance Manager	February 2014

Risk/ Issue No.	Risk/Issue	Action	Who	When
11	The School's CCTV in the 'Inclusion' Room may be breaching Data Protection requirements relating to overwriting and retention of data.	Review of School's CCTV usage and data retention requirements to be undertaken. Data Protection guidance to be reviewed and CCTV policy to be prepared for Governing Body approval.	Business & Finance Manager  Governing Body	March 2014
12	Computers are not always locked when members of staff leave them unattended, increasing the risk of unauthorised access and data security breaches.	All members of staff to be reminded, monthly, to lock computers when they are left unattended.	Personal Assistant to Head Teacher/Head Teacher	January 2014
13	The School's admissions policy does not fully comply with the Welsh Admissions Code 2013, as there are some areas of the Code that are missing from the admissions policy.	Admissions policy to be reviewed in consultation with the Welsh Admissions Code 2013 and amended as required.	Admissions Committee  New Clerk to the Governors	March 2014



## ***Denbighshire Internal Audit Services***

***Caledfryn, Smithfield Road, Denbigh, LL16 3RJ***

**Report to:** Head of Children & Family Services

**Report By:** Brenda M Steed, Audit Manager

**Date:** March 2014

**Subject:** Financial Payments to Care Leavers

### **Introduction**

The Head of Children & Family Services asked us to review the current process for making payments to care leavers, in addition to young people who present themselves as homeless (under the Southwark Judgement agreement). He expressed concerns about the volume of payments being made and whether the ethos of this process is the best way to prepare the young person for independence and financial stability.

### **Background**

We undertook a review of the Leaving Care service in 2007/8 and concluded that the service would benefit from introducing a robust financial framework and set of procedures to ensure that payments being made to care leavers are consistent and only made in line with their individual Pathway Plans.

At the time of our final follow up review, all actions had been completed and an effective control framework was in place.

### **Audit Opinion**

Our current review confirms that the same financial framework exists but the volume of payments has increased significantly, in particular cash payments, and we question how robustly the framework is being followed.

Throughout our review we were mindful of the challenges that the service faces in supporting young people, many with complex needs, and helping them prepare for adulthood. We acknowledge that an assessment to make a payment needs to consider the needs of the individual and some degree of flexibility is required;

however, it may be an appropriate time to review the method used to make the payment, in line with the Council's modernisation agenda.

The Council's duty to support homeless young people (under the Southwark Judgement agreement) has impacted significantly on the client caseload and, ultimately, the leaving care budget in the last three years to the extent that, at the time of our review, approximately £193k of the £208k budget had been spent, with more than four months of the financial year still remaining. Expenditure is likely to increase by approximately 30% from 2012/13, with a projected overspend of £100k.

Overall, we conclude that a review of the current payment process is essential to control and mitigate the growing cost to the service, which is unsustainable. Further, the service should look to reduce the number of payments made in cash where possible and to modernise the way the payments are made, e.g. using prepaid cards as an alternative and raising the young people's awareness of the need to manage their budget. It may be that, after the review, a decision is required to ascertain who is best placed to administer the payments process, e.g. whether it would be better placed in a financially-related service outside of Children's Services, to ensure that it is robustly followed and payment decisions remain objective.

# Action Plan

**Audit Review of:** Care Leavers' Service – Financial Payments

**Date:** March 2014

**Action Plan Owner:** Head of Children & Family Services

Corporate Risk/Issue Severity Key	
	<b>Critical</b> – Significant CET and Cabinet intervention
	<b>Major</b> – intervention by SLT and/or CET with Cabinet involvement
	<b>Moderate</b> – Containable at service level. Senior management and SLT may need to be kept informed

Risk/Issue No.	Risk/Issue	Action	Who	When
1.	<p>There is a need to undertake a review of the process currently in place for making payments to care leavers.</p> <p>Objectives should be considered to achieve the following:</p> <ul style="list-style-type: none"> <li>Setting up a bank account or alternative for every care leaver as soon as possible following referral to the service to equip them to receive payments in this way and to learn about budget management.</li> </ul>	<p>Set up a meeting with the Head of Revenues &amp; Benefits (and other staff as required) to discuss alternative methods of procuring goods and / or making payments to care leavers</p>	Rhiain Morrle / Julie Lavin & Rod Urquhart	May 2014
		<p>Following the above, to undertake a review of the current payment process and implement changes as appropriate / required.</p>	Rhiain Morrle	September 2014
		<p>Note: Bank accounts are set up for care leavers. There is a process to support some those who are unable to manage budgeting matters. Training, support and advice is in place and bank accounts applied for when the service is confident that this best meets the assessed needs of the individual young person.</p> <p>Set up a process where six-weekly reviews of the bank account situation for each young person is monitored</p>	Julie Lavin & other Social Workers	May 2014

Risk/ Issue No.	Risk/Issue	Action	Who	When
	<ul style="list-style-type: none"> <li>• Maximising value for money through negotiating with third party suppliers, e.g. Arriva for bus passes or with white good suppliers, where greater discounts can be obtained through framework agreements.</li> <li>• To explore more modern and secure ways of making payments, such as using pre-paid cards where the level of spend can be easily monitored and controlled. This would replace the need to administer transactions through the petty cash account, which is costly and labour intensive. (Appendix 2 provides details of some of the benefits of a pre-paid card process)</li> </ul> <p>Additionally, there is a need to consider cross-service working on this project to take advantage of skill sets outside the social care environment, e.g. price negotiation and marketing.</p>	<p>To be factored into the overall review.</p> <p>To be factored into the overall review.</p> <p>To be factored into the overall review.</p>		

Risk/ Issue No.	Risk/Issue	Action	Who	When
2.	<p>The procedures currently in place for the Care Leavers service are in need of review but we accept that it may be practical to deal with this exercise after the previous issue has been addressed.</p> <p>Linked to this, associated areas of concern include the following:</p> <ul style="list-style-type: none"> <li>• The schedule of allowances payable should be reviewed and approved by an appropriate senior manager on an annual basis.</li> <li>• The same should be followed for the leaving care first home grants (if they are to continue in the same way after the review).</li> <li>• All social workers dealing with care leavers may require some refresher training to help raise awareness of the need to adhere to the procedures if the service is to ensure a fair and consistent process and that the financial framework is robust.</li> </ul>	<ul style="list-style-type: none"> <li>• Service Manager to review schedule</li> <li>• Service Manager to review schedule</li> <li>• Workshop within Practice Group meeting</li> </ul> <p>Further revision to procedures to be made to reflect any changes to the payment process (resulting from the work in Issue 1 above)</p>	<p>Rhiain Morrle</p> <p>Rhiain Morrle</p> <p>Julie Lavin</p> <p>Rhiain Morrle</p>	<p>April 2014</p> <p>April 2014</p> <p>April 2014</p> <p>After completion of the payment process review</p>

Risk/ Issue No.	Risk/Issue	Action	Who	When
3.	<p>Until legislation is provided in respect of the Council's duty and responsibility to young people who present themselves as homeless (under the Southwark Judgement agreement) there is a need for interim guidance on the financial support that is to be provided.</p> <p>All social workers dealing with the individuals will need to be aware of its content and to adhere to it when making payments.</p>	<p>Interim policy and guidance to be rewritten / updated and shared with all relevant staff.</p> <p>Further revision to procedures to be made to reflect any changes to the payment process (resulting from the work in Issue 1 above)</p>	<p>Rhiain Morrle</p> <p>Rhiain Morrle</p>	<p>April 2014</p> <p>After completion of the payment process review</p>
4.	<p>The service should consider setting up an agreement with the care leaver to ensure that they have a responsibility to declare a change of circumstances to their Personal Advisor or Social Worker as and when their circumstances change, e.g. when DWP benefits become payable, to mitigate the risk that the service may continue to make payments indefinitely.</p>	<p>Work in progress - DCC, DWP and Barnardo's are currently working on a three-way confidentiality agreement that will allow certain information to be disclosed (i.e. benefit start dates ). This will be followed by work on an agreement where the Care Leaver can apply for benefit six weeks prior to their 18th birthday and payment to be made soon after their 18th birthday. This will eradicate the need for a balance or a compromise in our corporate parenting 'moral' duties and ensure that we are more aware of a young person's change of circumstances.</p> <p>A form for the care leaver will also be devised where they agree to inform of change of circumstances.</p>	<p>Julie Lavin, Debbie Rogers, Andrea Dixen</p> <p>Julie Lavin</p>	<p>May 2014</p> <p>May 2014</p>