

Denbighshire Internal Audit Services
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Ysgol Clawdd Offa, Prestatyn

June 2013



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


Purpose & Scope of Review

We carried out a review of Ysgol Clawdd Offa between January and March 2013 following a request from the Head of Education. Our review focused on the following areas:

- Governance
- Budget monitoring and financial planning
- Financial procedures and controls
- Administration of the School Fund
- Health and safety and general security arrangements
- ICT and information security

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

Although the School received a positive Estyn report in March 2010 and is currently being monitored by Education since being designated as Category D in September 2012, our review found several areas where the School still needs to improve that have led to a Low Assurance rating.

The School is seeking an award for good governance, but current governance arrangements are not robust, particularly as not all governors have undergone the necessary checks to ensure that they are eligible to be governors and that children are adequately safeguarded.

On the positive side, budget monitoring has improved and there are some good financial processes and controls in place but we cannot give overall assurance on financial management at the School, as some teachers are not complying with procurement controls, invoice payments are significantly delayed and the administration of lettings needs to be significantly improved. We also found several weaknesses in the administration of the School Fund, with several fundamental controls not in place.

Overall, security and health and safety measures are in place but again we found weaknesses, in particular relating to safeguarding of children and physical assets. These security weaknesses are also evident in ICT, where we found breaches of security procedures in the use of passwords and lack of back-ups of a key system that could have led to the loss of information and potential breach of Data Protection legislation.

Although we have given the School a low assurance rating, the issues we have raised are not significantly different to our reviews of other schools and should be manageable within the School, particularly with the support that the Education service is providing. However, we need to be assured that the improvements the School implements will be sustained.

Action Plan

Audit Review of: Ysgol Clawdd Offa
Date: June 2013
Action Plan Owner: Headteacher and Chair of Governors

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

Risk/Issue No.	Risk/Issue	Action	Who	When
1.	The information we received shows that the School needs to review the composition of its Governing Body. It is short of one community governor and includes the Deputy Headteacher, who can only sit on the Governing Body as an elected teacher governor.	<p>The Governing Body will seek to appoint an additional Community Governor to bring it up to full compliance and a rolling programme has been put in place to maintain full compliance in future.</p> <p>The Deputy is not a governor; she attends meetings as an invited guest or in the Head's absence but does not have any voting rights.</p>	Governing Body	30 September 2013

Risk/ Issue No.	Risk/Issue	Action	Who	When
2.	Two governors have not had Criminal Records Bureau (CRB) checks and there have been no checks to ensure that governors are not bankrupt or disqualified under the Company Directors Disqualification Act, as per the Government of Maintained Schools (Wales) Regulations 2005.	<p>The Business & Finance Manager has requested CRB checks for all new governors and any others that are still outstanding. Appropriate measures will be taken to safeguard the security of pupils and personal data in the interim period.</p> <p>Anyone who refuses a request by the Governing Body to complete a CRB application form is disqualified from holding or continuing to hold office as a governor.</p> <p>The School will carry out checks to ensure that governors are not bankrupt or disqualified under the Company Directors Disqualification Act (using the link provided by Internal Audit) and will report the results to the Governing Body. This will be recorded in the minutes and included as a set agenda item for completion at the first governors meeting of every academic year.</p> <p>The School will introduce an induction checklist for new governors to include CRB and Company Directors Disqualification Act checks. The School will also maintain a record of all CRB expiry dates and ensure that they are kept up to date.</p>	Business & Finance Manager. Governing Body.	30 September 2013

Risk/ Issue No.	Risk/Issue	Action	Who	When
3.	The Governing Body minutes are not up to the required standard as they do not include completion dates for actions and the Chair does not sign and date them. Copies of supplementary documentation are not held on file with the minutes and our review found that some issues are not being progressed from one meeting to the next.	A new Clerk and Chair have been appointed from October 2012. Significant improvements have already been made since their appointment and will continue to be made as they progress in their roles.	Clerk and Chair of Governors	30 September 2013.
4.	We could not find sufficient evidence to confirm that the constitution and membership of all sub-committees is reviewed at least once a year and that the School's policies are examined robustly before the Governing Body approves them.	<p>The constitution and membership of sub-committees was agreed at Full Governors meeting on 27 February 2013 and will be included as a set agenda item for review at the first governors meeting of every academic year.</p> <p>All policies are to be reviewed in line with a pre-existing timetable, on a 2-year rolling programme. Policy documents to be distributed prior to each meeting to give opportunity for scrutiny and each policy will be discussed individually and recorded in the minutes.</p>	Head, Chair, Governing Body	<p>Membership completed.</p> <p>Review of policies in line with rolling programme – by 30 September 2013.</p>
5.	Not all governors have completed up to date declaration of business interest forms to demonstrate that they do not benefit personally from the decisions they make regarding the School. This also applies to employees of the School who may influence financial decisions, e.g. the Business and Finance Manager and the School Secretary.	All Declaration of Business Interest forms were completed during the Full Governors meeting on 27 February 2013, including the Business and Finance Manager and the School Secretary. This will be included as a set agenda item for completion at the first governors meeting of every academic year and also included on the induction checklist for new governors.	Governing Body	Complete

Risk/ Issue No.	Risk/Issue	Action	Who	When
6.	Terms of reference for the Governing Body sub-committees have not been set out in writing to ensure that their roles, responsibilities and limitations are clearly defined and understood.	Terms of reference for sub-committees adopted at the Full Governors meeting on 7 February 2013 and will be included as a set agenda item for review at the first governors meeting of every academic year.	Governing Body	Complete
7.	The School's Development Plans do not show costs against any of the priorities and the plans are not specific enough in terms of actual targets for improvement. There are also blanks for summer 2012 in some of the documents.	School's Development Plan is under development with prior agreement from the LEA. Aim to be completed and approved by Governing Body in June.	Head and Deputy	Planning Committee to review on 12 June 2013, and Full Governors to approve on 26 June.
8.	Some teachers are ordering goods and services by telephone and not raising official purchase orders. Commitments could also be better monitored by raising call-off orders for regular contract payments.	The School has advertised for a temporary admin post to assist with the growing administrative demands. Once this post has been filled, the Business and Finance Manager will develop new finance and administration procedures with the School Secretary to address the issues identified in this report and provide her with training. The lettings policy will be reviewed and approved by the Governing Body. It will then be included as a set agenda item to be reviewed at the first meeting of every academic year. All existing and future lettings are to use an official lettings form and action will be taken by the School to recover outstanding debts.	School Secretary, Business and Finance Manager, and Head	By September 2013
9.	There are significant delays in the payment of supplier invoices.			Lettings policy was scrutinised at the Finance Committee on 27 March 2013. Full Governors to approve recommendations to on 26 June.
10.	There are several weaknesses in the administration of the School's lettings as outlined in our report on page 13			
11.	Income received at the School is not held securely at all times.	All income is now held securely.	School Secretary	Complete

Risk/ Issue No.	Risk/Issue	Action	Who	When
12.	The Deputy Headteacher has not been given access to or received training on various systems required to maintain business continuity if the Headteacher is absent for any significant length of time, e.g. iTrent and Proactis.	<p>Deputy received relevant systems training from the Business and Finance Manager on 30 January 2013 and now has access to all the systems required to maintain business continuity if the Headteacher is absent.</p> <p>The risk to business continuity has reduced since the Business and Finance Manager was appointed in November 2012, as she can provide training to others on using the system as and when further cover is required.</p>	Business and Finance Manager and Deputy	Complete
13.	There are several fundamental weaknesses in the administration of the School Fund as outlined in our report on pages 15 -16.	<p>New School Fund system is to be used from April 2013 and the School Secretary will receive training from the Business and Finance Manager. The issues identified in this report relating to the School Fund will be addressed as part of the new finance and administration procedures being developed by the Business and Finance Manager (see issues 8-10)</p> <p>Outstanding certificates to be sent to Internal Audit and the additional bank account closed. The Business and Finance Manager will check whether any income belonging to the delegated budget has been paid in to the School Fund and, if so, arrange for it to be transferred.</p>	School Secretary and Business and Finance Manager	By September 2013

Risk/ Issue No.	Risk/Issue	Action	Who	When
14.	There is one entrance to the School that is kept locked while pupils are in class but can be accessed during break times using the digi-lock code, which has been given to the pupils to use the toilet etc. This increases the likelihood of the code becoming widely known, which could lead to unauthorised access.	Building Services has resolved the issue with the digi-lock code. Digi-locks have now been changed, and will be changed on regular basis throughout the year. Adult supervision is also maintained in this area during break times.	Building Services and Head.	Complete
15.	The Deputy Headteacher has not received any training on the CCTV system, which could cause a problem if the Headteacher is unavailable when an incident occurs. In addition, there are no warning signs that CCTV is in use, which is a legal requirement under the 1998 Data Protection Act.	Headteacher to provide Deputy with training on the CCTV System Business and Finance Manager to contact Building Services to review CCTV signage.	Deputy, Head and Business and Finance Manager	24 May 2013
16.	We cannot confirm that the School has carried out the necessary vetting checks on the contractor used to erect some play equipment.	A maintenance schedule has been arranged with the contractor used to erect the play equipment and a risk assessment completed. In future, all contractors will be procured via Building Services to ensure that the necessary vetting checks have been carried out.	Head	Complete
17.	The School does not have an inventory in place to safeguard its assets. There is also a large amount of surplus equipment held on site, which the Council purchased for the new building but is not needed. The ownership of this equipment needs to be determined before it is disposed of in accordance with Financial Regulations.	Business and Finance Manager to complete inventory and determine ownership of surplus equipment for disposal.	Business and Finance Manager	By September 2013

Risk/ Issue No.	Risk/Issue	Action	Who	When
18.	The School has an independent breakfast club, after school club and play group. We have raised several issues on page 18 of our report relating to these arrangements that need to be addressed.	CRB and public liability insurance checks have been done. Early Entitlement Team monitors and evaluates Playgroup with weekly visits. Any concerns with the service they are providing would be brought to School's attention. A Licence Agreement has been drawn up for the Playgroup, Breakfast Club and After School Club in line with the management factsheet provided by Education Planning and Resources. These agreements take effect from 31 May 2013, and specifically state that details required will need to be provided on an annual basis. In future, formal tender processes will be undertaken if new provider is needed.	Head and Business and Finance Manager	31 May 2013
19.	The Headteacher needs to ensure that the issues that Corporate Health & Safety raised in its Fire Risk Assessment report in October 2008 and Health & Safety Report in May 2012 are addressed.	Working group established at Full Governors meeting on 27 February to address any Health & Safety issues. This group will report any issues to the Governing Body. It will also review any outstanding issues from existing reports as a matter of urgency.	Risk Management Working Group	30 September 2013
20.	The School should ensure that all key IT systems are backed up on a regular basis in future.	All IT systems are now backed up on a daily basis.	School Secretary	Complete
21.	The School has breached the Council's IT security regulations relating to password changes and sharing of logins and passwords.	All relevant members of staff have now got individual logins and passwords are kept private and changed on a regular basis.	Head	Complete

Background & Context

Ysgol Clawdd Offa opened in September 2008, with the Headteacher and Deputy Headteacher both in post since the opening. The current School Secretary was appointed in October 2009 and the Business and Finance Manager in October 2012. A new Chair of Governors was elected in October 2012.

The net capacity of the School is 420 pupils. It had 65 pupils when it opened in September 2008 and approximately 240 pupils in January 2013.

An Estyn Inspection in March 2010 reported that *the Headteacher provided the School with outstanding leadership; he was ably supported by his first class Deputy Headteacher and, together with a highly committed and hard working staff, they have secured the School's values, aims and objectives.* The report also stated that *the Governing Body played a significant role in establishing and developing the School and that its governors are active, fully supportive of the School and their individual expertise is well used.*

However, in September 2012, the Education service identified some issues relating to both the strategic and operational leadership and management and the need to further develop the role of the Governing Body. The School was then placed in Category D and a School Improvement Action Plan put in place, in line with the current Partnership Agreement guidelines. Education is monitoring the action plan at least half termly and recording progress.

Review Outcomes & Risks Arising

Governance

Opinion

Although the School has implemented some improvements and is working towards a recognised award for its governance arrangements, we have identified several areas where governance is weak. In particular, the School needs to ensure that its governors undergo all the required checks relating to safeguarding, eligibility and declaration of interests. There are also some administrative improvements required to improve governance arrangements.

Key Areas Managed Well

Governing Body meetings had not been held regularly but there is now an annual timetable for meetings. All Governing Body meetings have been quorate and the School Effectiveness Performance Officer attends.

The Governing Body is working towards the Governors Wales Bronze Award Scheme. This scheme is based around Estyn Inspection Standards and is designed to ensure that governance arrangements are robust.

The three statutory sub-committees are in place and their composition is correct.

The School has set up a comprehensive Statutory Policies and Documentation file that includes:

- a list of statutory and non statutory policies and documents;
- a list of HR Direct 'Adoption of DCC's policies and procedures';
- a document review cycle for 2012 -2014; and
- hard copies of all existing school policies from the above lists.

(Some school policies exist that are not included in the above file and would benefit from being included, e.g. the school finance policy and the lettings policy)

Risk/Issue 1 Moderate

We found it extremely difficult to obtain an up to date list of governors; however, based on the latest information provided, the composition of the Governing Body is one community governor short. It also includes the Deputy Headteacher who is not permitted to be on the Governing Body unless she is elected as a teacher governor. She can attend meetings on the Governing Body's invitation, but has no voting rights when it comes to decisions.

Risk/Issue 2 Moderate

Two governors have not had Criminal Records Bureau (CRB) checks and there have been no checks to ensure that governors are not bankrupt or disqualified under the Company Directors Disqualification Act, as per the Government of Maintained Schools (Wales) Regulations 2005.

**Risk/Issue 3
Moderate**

Although some improvements have been made since the appointment of a new Clerk, the standard of the Governing Body minutes is not to the recommended level, e.g. agreed actions do not include completion dates, copies of supplementary documents are not held on file with the minutes and the Chair of Governors does not sign and date the minutes. The minutes also suggest that some issues are not being progressed from one meeting to another.

**Risk/Issue 4
Moderate**

We could not find sufficient evidence to confirm that the constitution and membership of all sub-committees is reviewed at least once a year and that the School's policies are examined robustly before the Governing Body approves them.

**Risk/Issue 5
Moderate**

Not all governors have completed up to date declaration of business interest forms to demonstrate that they do not benefit personally from the decisions they make regarding the School. This also applies to employees of the School who may influence financial decisions, e.g. the Business and Finance Manager and the School Secretary.

**Risk/Issue 6
Moderate**

Terms of reference for the Governing Body sub-committees have not been set out in writing to ensure that their roles, responsibilities and limitations are clearly defined and understood.

Budget Monitoring and Financial Planning

Opinion

The appointment of a new Business and Finance Manager for the Prestatyn Primary Cluster in October 2012 has greatly improved budget monitoring procedures in the School. However, the School Development Plan is lacking some fundamental information.

Key Areas Managed Well

The Business and Finance Manager runs regular reports, which she checks for variances and irregularities. She also has monthly meetings with the Headteacher, Deputy Headteacher, and Chair of Governors to discuss the latest finance reports.

The Business and Finance Manager will be producing a detailed finance report that she will present to the Finance Committee and the Chair of this committee will then report to the next Governing Body meeting.

Budget reports have now changed to a three year plan and are produced by the Business and Finance Manager, assisted by the Headteacher. There is also a new form that all governing bodies will be required to sign in future to formally approve their school budget.

There is a projected in-year surplus of £52,748, and a deficit carried forward from 2011/12 of £31,821. The projected surplus to be carried forward for 2012/13 is therefore £20,927.

Risk/Issue 7 Moderate

Education has advised us that the layout of the School's Development Plans is clear and well presented and give a clear picture of where the School intends to focus its development. However, there are no costs allocated against any of the priorities and the plans are not specific enough in terms of actual targets for improvement. There are also blanks for summer 2012 in some of the documents.

Financial Procedures and Controls

Opinion	While the School generally has good procurement procedures and controls, these can be negated by some teachers ordering goods and services by telephone. The School also needs to implement significant improvements in the payment of invoices and in lettings administration.
Key Areas Managed Well	<p>The School has been using the Proactis system since July 2012, which provides good controls within the procurement function.</p> <p>The Governing Body has set delegated financial limits for the Headteacher to ensure that it retains effective controls over expenditure.</p> <p>Income is banked on a regular basis.</p> <p>The Business and Finance Manager is in the process of setting up written procedure notes for all financial processes that the School Secretary carries out. These will improve the likelihood of business continuity in the School Secretary's absence.</p>
Risk/Issue 8 Moderate	<p>Some teachers are ordering goods and services by telephone and not raising official purchase orders. This negates a lot of the controls built in to the Proactis system. Commitments could also be better monitored by raising call-off orders for regular contract payments</p>
Risk/Issue 9 Moderate	<p>The School is not paying invoices promptly and we found instances where payment was significantly delayed. This could lead to complaints and damage the School's reputation. It also causes unnecessary work dealing with suppliers chasing up late payment.</p>
Risk/Issue 10 Moderate	<p>The administration of school lettings is extremely poor.</p> <ul style="list-style-type: none">• There are at least two different letting policies on file at the School neither of which is dated.• We have been unable to find any completed booking forms on file to protect the School against damage, loss and injury claims.• No income has been received for a dance group that has been using the School for over 12 months. The Headteacher confirmed that charges are applicable and that he has been chasing these arrears.• Charges totalling £400 for Zumba classes were not collected until three months after the letting period ended.

Risk/Issue 11
Moderate


Income received at the School is not held securely at all times. This is putting the income at risk of being lost or stolen, which would not be covered by insurance.

Risk/Issue 12
Moderate

The Deputy Headteacher has not been given access to or received training on various systems required to maintain business continuity if the Headteacher is absent for any significant length of time, e.g. iTrent and Proactis.

Administration of the School Fund

Opinion	The administration of the School Fund is lacking several fundamental controls and we can give no assurance that all income is accounted for.
Key Areas Managed Well	<p>The School Fund treasurer and auditor are due to be formally appointed by the Finance Committee in April 2013. <i>(This will then need to be repeated on an annual basis)</i></p> <p>The Business and Finance Manager is in the process of writing up School Fund procedure notes. These will help to provide consistency and provide business continuity during periods of staff absence. They will help to ensure proper use of the audit checks and controls that the previous Business and Finance Manager built into the School Fund spreadsheet.</p>
Risk/Issue 13 Moderate	<p>There are several fundamental weaknesses in the administration of the School Fund as follows:</p> <ul style="list-style-type: none">• The School Secretary is the only person involved in administering the Fund, which means there is no separation of duties to provide the recommended level of internal control.• The account is not being properly reconciled against the bank statements at the end of each month and our brief examination of the records identified some errors and omissions in the transactions recorded.• Some income belonging to the delegated budget has been paid in to the School Fund account.• Supporting documents are not held on file for all items of expenditure and some receipts provided by teachers for reimbursement show loyalty points being accrued by the teachers, which Financial Regulations do not allow.• The School has a bank statement on file for a second School Fund account, which no one at the School was able to tell us anything about. Although the opening and closing balances on the bank statement as at 13/10/11 and 21/04/12 were both nil, further enquiries should be made to confirm whether any income has been paid in since 21/04/12 and to close the account if it is not required.• The School Fund accounts for 2010/11 and 2011/12 have not been audited and a copy of the audit certificates sent to Internal Audit.

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- The School is not running its School Fund in the most cost-effective way, as it pays £5 a month bank charges and does not pass the charges for returned cheques on to parents.
 - The School Fund records are not always updated until after the income has been banked. This would cause a problem if the income went missing before it was banked; as the School would not have a record of how much had been collected for insurance purposes or what it related to.

Health and Safety and General Security Arrangements

Opinion	Health and safety and security arrangements at the School are generally good, but there are some areas for improvement to ensure robust security, safeguarding of children and protection of assets.
Key Areas Managed Well	<p>Digi-locks are in place at all points of entry to the School.</p> <p>Visitors can only gain access to the School via the main entrance and are asked to sign in and out and are issued with a visitor pass.</p> <p>Employees sign in and out for fire safety purposes.</p> <p>The School procures all building work, including repairs and maintenance, through Property Services and grounds maintenance through Environmental Services. This ensures that all contractors are suitably vetted before being allowed access to the School.</p> <p>The School has a site security policy in place dated March 2011.</p>
Risk/Issue 14 Moderate	<p>There is one entrance to the School that is kept locked while pupils are in class but can be accessed during break times using the digi-lock code, which has been given to the pupils to use the toilet etc. This increases the likelihood of the code becoming widely known, which could lead to unauthorised access.</p>
Risk/Issue 15 Moderate	<p>The School has CCTV but the Deputy Headteacher has not received any training on the system, which could cause a problem if the Headteacher is unavailable when an incident occurs. In addition, there are no warning signs that CCTV is in use, which is a legal requirement under the 1998 Data Protection Act.</p>
Risk/Issue 16 Moderate	<p>Some outdoor play equipment has been purchased for the School using funds raised by one of the teachers. The contractor who supplied and erected this equipment is not on the Council's approved list of contractors and we are unable to confirm whether sufficient health and safety and security checks were completed before this work was carried out. This should include a risk assessment and a record of regular maintenance and inspection checks, the lack of which could become a factor if an accident occurs and/or an insurance claim is submitted.</p>

Risk/Issue 17 Moderate	<p>The School does not have an inventory in place to safeguard its assets. There is also a large amount of surplus equipment held on site that the Council purchased for the new building but is not needed. The ownership of this equipment needs to be determined before it is disposed of in accordance with Financial Regulations.</p>
Risk/Issue 18 Moderate	<p>The School has an independent breakfast club, after school club and play group. The Headteacher has provided evidence that the people providing these services have been CRB checked and have public liability insurance; however, there are several other factors that we have not been able to confirm:</p> <ul style="list-style-type: none"> • Were formal tender processes undertaken? • Were CSSIW, staff qualifications, references and financial information and health and safety details requested of the providers, including safe working procedures and training records? • Have legal documents been drawn up setting out the terms and conditions of the agreements, including limitations of use, responsibilities, site specific hazards and communication and cooperation processes? <p><i>(Education Planning and Resources has recently issued a management factsheet to schools to support them in looking at these agreements. Legal Services has also been working on letting agreements for these types of clubs)</i></p>
Risk/Issue 19 Moderate	<p>Corporate Health & Safety has completed two reports for the School - a Fire Risk Assessment report in October 2008 and a Health & Safety Report in May 2012. The Headteacher does not recall receiving copies of these reports, so was unable to confirm whether any actions arising from these reports have been addressed. We have forwarded copies of these reports to the Headteacher for the School to follow up.</p>

ICT and Information Security

Opinion	Our review found weaknesses in procedures and security that put retention and confidentiality of information at risk.
Key Areas Managed Well	The School is registered with the Data Controller until January 2014.
Risk/Issue 20 Moderate	The School's administration computer system had not been backed up since 11 November 2011 due to system failure messages being ignored. Although central ICT has now rectified this, the School needs to ensure that this does not happen again so that it protects the information held on its computer systems.
Risk/Issue 21 Moderate	The Council's IT security regulations have been breached by: <ul style="list-style-type: none">• employees not changing their SIMS passwords on a regular basis to minimise the risk of unauthorised access to confidential information; and• the Deputy Headteacher using the Headteacher's computer log in and password.

Report Recipients

- Corporate Director: Customers
- Head of Education
- Head of Customers and Education Support
- School Effectiveness Performance Officer
- Education Planning and Resource Manager
- School Business & Finance Manager
- Head of Finance and Assets
- Headteacher
- Chair of Governors
- Lead Member for Education
- Chair - Performance Scrutiny Committee
- Performance Scrutiny Member
- Lead Member for Finance & Assets
- Corporate Governance Committee
- Ward Member for Prestatyn South West

Key Dates

Review commenced	January 2013
Review completed	March 2013
Escalation meeting	7 June 2013
Reported to Corporate Governance Committee	3 July 2013
Proposed date for 1 st follow up review	October 2013