

<b>Audit name</b>	<b>Name of School - Children and Young People - 2017-18</b>
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**Background and Objective of the Service**

Lewisham schools are subject to a programme of internal audit visits as agreed with the Executive Director for CYP. The internal audit review covers the non-teach areas and will test the controls for compliance with:

- statutory legislation,
- financial regulations, and
- best practice.

These internal audits provide Governors, Senior management and other stakeholders with an independent assessment on the controls in place.

**Purpose of the Review**

The purpose of this internal audit is to provide an opinion on the effectiveness of the controls in place. If applicable, internal audit will make recommendations to management on how to improve these controls.

**Main Risks Identified**

<b>Risk 1</b>	<p><b>Procurement</b></p> <p>Not having adequate procurement controls in place, or not adhering to them, could leave the school open to financial abuse. This could have an adverse effect on the budget and spending power of the school.</p>
<b>Risk 2</b>	<p><b>Income</b></p> <p>Controls may not be in place to ensure that the income is collected on a timely basis, stored and banked securely. This may result in the loss of revenue leading to budget issues.</p>
<b>Risk 3</b>	<p><b>Asset security</b></p> <p>Failure to maintain an accurate and up-to-date inventory / asset register could facilitate the loss or theft of school assets. This could leave the school needing to purchase new assets that are not budgeted for.</p>
<b>Risk 4</b>	<p><b>Governance</b></p> <p>Not having strong governance arrangements are in place, could put Governors at risk of not fulfilling their statutory responsibilities. This could lead to financial failure and reputational damage to the school.</p>
<b>Risk 5</b>	<p><b>Budget monitoring</b></p> <p>Failure to monitor budgets on a timely and regular basis may result in large over or underspends. This could impact the budget for future years, restricting any improvement plans the school may have.</p>

## Terms of Reference

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<b>Risk 6</b>	<b>Banking</b> Regular and timely reconciliation of bank accounts may not take place. This may allow bank account errors or fraud to go undetected resulting in loss of monies to the school.
<b>Risk 7</b>	<b>Payroll</b> If there are insufficient controls over payroll processes, it could lead to a breach of HM Revenue & Customs regulations, over/ under payments or fraud going undetected
<b>Risk 8</b>	<b>Recruitment</b> Non-compliance with Home Office, Safer Recruiting, and Disclosure and Barring Service requirements, could lead to recruiting inappropriate staff. This may result in fines and potentially put children at risk.
<b>Risk 9</b>	<b>Data Security</b> Access to both computerised and manual data may not be restricted to prevent breaches of the Data Protection Act 1998. This could lead to individual or corporate fines.

### Section 3 – Areas to be reviewed

#### Areas to be Reviewed

The list of items required for the audit will accompany this terms of reference in the confirmation email sent to the school. Internal audit will normally only review the transactions and documents for the last rolling year. Internal audit will review and test in the following areas:

##### **Procurement**

- Purchase Orders,
- Delivery notes or other evidence of receipt of goods or services,
- Invoices,
- Quotations and/or tenders
- Procurement card transaction and reconciliations
- Petty cash vouchers, receipts and reconciliations
- Contract register and Contracts

##### **Income**

- Income collection procedures, including raising of invoices
- Banking of income
- Lettings procedures and policy
- Dinner money procedures including debt recovery

##### **Asset Security**

- Asset register
- Security of assets
- Write off policy

##### **Governance**

- School's own finance policy and procedures
- Minutes of full governing body and finance committees
- Register of interests
- DBS for Governors
- Voluntary Fund / School Fund

##### **Budget Monitoring**

- Budget monitoring procedures

## Terms of Reference

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- Financial information presented to governors
- Virement procedures

### Banking

- Bank accounts
- Bank reconciliations

### Payroll

- Salaries paid
- Payroll reconciliations
- Deductions and payments to relevant bodies (if applicable)

### Recruitment

- Starters and leavers
- Pre-employment checks
- DBS checks for staff

### Data Security

- Registration with the ICO
- Security of data
- Back up of data

### Distribution list

Head Teacher	
Chair of Governors	
School Business Manager/Bursar/SAO	
Head of Standards and Achievement	Kate Bond
Head of Corporate Services	David Austin
Internal Audit Contract Manager	Julie Hetherington
Principal Auditor/Auditor	

### Expected Audit Timeline and Terms of Reference (ToR) Issue & Agreed Dates

<b>Audit Start Date</b>		<b>Due Audit End Date</b>	
<b>Draft Report Issued</b>		<b>Final Report Issued</b>	
<b>Date of Issued of ToR</b>		<b>Date ToR Agreed</b>	

### Auditor Statement

The auditor has declared in relation to this review, that they have no known impairment to their independence, that they will remain impartial throughout the review and have no conflict of interests to declare.