

AUDIT AND PENSIONS COMMITTEE

30 June 2011

CONTRIBUTORS

Assistant Director
Finance & Resources
(Children's Services
Department)

St Mary's Catholic Primary School

This report is a summary of recent issues arising
in relation to St Mary's Catholic Primary School.

WARDS

All

RECOMMENDATION:

To note the contents of this report and the
formalisation of the following procedures:

Where there is a change of Headteacher an
additional financial management audit will be
commissioned;

In planning the quarterly audit plan,
Children's Services will identify specific
schools where additional assurance is
required;

Follow-up audits will be used to confirm the
implementation of all audit
recommendations.

St Mary's Catholic Primary School

1 Background

- 1.1 The previous audit in April 2007 provided satisfactory assurance.
- 1.2 School Management Support (SMS) provide business support services to St. Mary's and had identified control weaknesses and other concerns within the operation of the school's finances, that were the responsibility of the Senior Admin officer.
- 1.3 The recently appointed Headteacher had taken over a school with serious weaknesses and understandably had concentrated on Teaching and Learning.
- 1.4 The schools 2 previous audits had been cancelled, or been unable to be completed due to a fire on one occasion and a break in on the other. When the second audit was unable to be completed, concerns were raised by SMS to the Assistant Director School Resources, who subsequently met with audit to draw up the next steps including scheduling another audit.

2 Audit

- 2.1 Deloitte's on behalf of the Council undertook an audit in Autumn 2011 with an objective to provide reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls in operation.
- 2.2 The Audit opinion of the report was that no assurance could be given to the satisfactory operation of the financial controls and processes that the school should have had in place. The report made 29 recommendations in all, including seven priority ones.
- 2.3 The focus of the audit was on the school's main account through which local authority funding is processed. There was no evidence of fraud identified during the course of the audit.

3 Post-Audit Work

- 3.1 Following the results from this audit the Headteacher worked with School Management Support to implement the recommendations.
- 3.2 SMS officers helped identify instances where although the school finance system recorded payments to suppliers, several companies had never received payment. School Management Support carried out a detailed analysis and confirmed that that none of the payments had been presented to the bank for payment. The cheques were cancelled and reissued.
- 3.3 SMS attended additional meetings with the Headteacher and governors to offer advice and support in implementing more robust and

more up to date policies and procedures. In this way, SMS were able to provide model policies for the school to amend and adopt, sharing the good practise being used in other schools in the borough, and to support the Headteacher in implementing new in house procedures to ensure a more sound financial system

3.4 Throughout this period the Governing Body and especially the Chair of Finance, played a very active role in moving the school forward. At the time of the Audit Committee in February 2011, 27 out of 29 recommendations had been implemented.

4 Current position

4.1 The school has identified irregularities in the operation of the school building fund, that is a diocesan board account and is carrying out its own investigation supported by the Council.

4.2 The school currently has another member of staff covering the admin officer role within the school and is coping well following some one to one training and additional support visits to the school. Following the audit report the school continues to make excellent progress in the set up of its systems and procedures to address the weaknesses identified.

5 Conclusion & Recommendations

5.1 Children's Services have reviewed the circumstances of the case and whilst it is clear that the scope of school audits would not have identified irregularities in the operation of the diocesan account, the financial environment that the school operated within was not sound, and officers raised concerns.

5.2 The department proposes to regularise its procedures to reinforce sound financial practice. It is proposed to do this in the following three ways:

Where there is a change of Headteacher an additional financial management audit will be commissioned;

In planning the quarterly audit plan, Children's Services will identify specific schools where additional assurance is required;

Follow-up audits will be used to confirm the implementation of all audit recommendations.