



STOCKPORT
METROPOLITAN BOROUGH COUNCIL

School Audits

2022-23

Summary of Findings Report

Final Report Distribution list:

School Business Managers - All Schools

Headteachers – All Schools

Director of Education

Schools Finance

Schools Governor Services

Statement of Responsibilities

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.

Recommendations for improvements should be assessed by you for their full impact before they are implemented. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rest with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity.

The audit process is generally dependent upon the existence of an effective system of internal control. There is always a risk of an internal control system failing to operate as designed. There are inherent limitations as to what can be achieved by an internal control system. Any system of internal control may be ineffective against fraud involving collusion among employees or fraud committed by management, for instance management overriding controls, faulty judgement in decision making processes or breakdown in controls due to human error.

No matter how well designed and operated, sound internal control systems can only provide reasonable assurance and not absolute assurance that objectives have been, and will continue to be, met. Furthermore, there is no certainty that internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks which may arise in the future. Such inherent limitations of internal control systems also contribute to inherent limitations of an audit. Decisions made in designing internal controls inevitably involve the acceptance of some degree of risk. As the outcome of the operation of internal controls cannot be predicted with absolute assurance, any assessment of internal control is judgmental.

Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their records and transactions for the purposes of our audit work and to ensure the authenticity of documents.

1. Introduction

- 1.1 This report details a Summary of Findings from the 18 schools audited in the 2022-2023 financial year. This is the 5th year that we have prepared a summary report following the audit of schools.
- 1.2 As the pandemic restrictions further eased, the team were able to offer schools the choice of a hybrid audit, with some of the audit being carried out remotely, in advance of a one day or two-day visit. Schools have adapted well to this, and the feedback from staff has been positive.
- 1.3 The aim of this report is to communicate to all schools the key and recurring issues, risks and subsequent recommendations made from these audits. A further objective is that the report will help facilitate discussion between schools and clusters and to encourage best and consistent practices around the management of control and risk.
- 1.4 The key recurring issues are current budget forecasts showing a deficit position, issues around ineffective governance, policies and procedures not being reviewed or updated, weak purchasing and procurement practices, and inadequate asset-management procedures.
- 1.5 We have again found that in some schools, key services (including statutory responsibilities) are being provided by third parties without adequate assurance and evidence that all risks are being addressed.
- 1.6 If you have any further queries, please contact one of the Internal Audit Team as follows:
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2. Summary of Findings

- 2.1 We were satisfied that there are generally appropriate budget monitoring procedures in place. However, we did note, that increasingly an issue for schools is that current budget forecasts show that the school will be in a deficit position in future years. 11 of the 18 schools reviewed are forecasting a potential cumulative deficit budget within three years, with the rest predicting a potential in-year deficit budget within the same time period. Consequently, this is a key risk that needs to be managed on an ongoing basis, to avoid it materialising.
- 2.2 Schools and governors have made a concerted effort to ensure that essential business has been uninterrupted, using IT to ensure business continuity is maintained. However, we found issues around governance at 14 of the 18 schools. These ranged from relatively low-risk issues such as registers of interests not being available on the website, to high-risk concerns about the ability of governors to support and challenge the school appropriately. We recommend that schools review the governance issues identified and ensure that their governance arrangements are suitable.
- 2.3 A review of a sample of procurement exercises showed that three competitive quotes were not always obtained, nor was there always evidence of discussion and approval of large contracts by Governors. In addition, a number of schools had long-standing contractual arrangements with existing suppliers which had not been subject to review or re-tendering for some years. In three schools, we found the limits outlined in the Delegation Grid were not always adhered to, and in two schools, the limits defined in the Delegation Grid were inappropriate. We also noted that in 5 schools, public monies had been spent on gifts for staff. In 12 schools, we found Purchase Orders regularly raised after the invoice had been received, which goes against good accounting practice.

- 2.4 This year we again identified some schools choosing third parties to provide key services, without evidence that the risks have been assessed and addressed. Four schools selected third parties to provide IT back up and data security, with contracts which did not outline back up procedures, data storage and security, and data ownership. The school retains a statutory responsibility to protect data and adhere to GDPR guidelines and should ensure that their IT contracts reflect this.
- 2.5 We identified that 13 schools that have plans and policies that are in need of review and update. Consequently, we recommended that these schools arrange for its plans and policies to be reviewed and updated on a regular basis and submitted to the respective committee for approval. It is good practice to have a renewal schedule for policies, and for all policies to include an approval date and review date.
- 2.6 Particular focus should be given to the School Finance Manual, as this year, for the first time, all the schools audited had manuals which did not contain all the information required. An up to date template for the Finance Manual can be found on SLA Online, and we would recommend that all schools use their annual review of the manual to ensure it contains the relevant information.
- 2.7 Inventories in some schools were incomplete or out of date. In a small number of schools, no Asset Management Plan was in place, which provides an oversight of essential inspections and services due across the year. In 4 schools, the AMP was in place but was incomplete, or out of date. It is essential that schools ensure that statutory inspections are up to date, and this remains the school's responsibility even where they buy Essential Maintenance Cover from a third party.
- 2.8 We reviewed schools' strategic plans, such as Business Continuity Plans and School Improvement Plans/School Development Plans. In a number of schools, we found that the Business Continuity Plan was out of date, which may be a risk for schools in the event of a crisis. We also found that a number of School Improvement Plans did not include the cost of provisions and were not linked to the budget as expected.
- 2.9 Our audits found that in a number of schools there were insufficient systems for recording and collecting income. Six schools had out of date lettings procedures, four schools had no debt procedures in place, and four schools had weak cash recording and reconciliation systems.
- 2.10 We found that some Governor and/or SLT Health and Safety Walkarounds had not been carried out, or that records of them were not held. We advise schools to reintroduce Health and Safety walkarounds as soon as possible and ensure that they are clearly documented.
- 2.11 In 8 schools, we identified issues around the processing of overtime payments, such as a lack of recording systems, limited evidence and authorisation procedures, and staff processing their own payments. We recommend that schools maintain clear records of overtime and segregation of duties around payroll.
- 2.12 **It should be noted that many of the issues raised this year have been raised in previous years. We recommend that schools use this report to review their own practices, in order to avoid repeating errors identified in other schools.**
- 2.13 The detailed findings from the school visits are summarised in Appendix A.

No.	Finding	School(s)	Risk	Priority	Recommendation
1	<p>Future Budget Position</p> <p>At 11 of the 18 schools visited, we found a cumulative deficit budget forecast within the next three years (if not already in place).</p> <p>The reasons given for these predicted losses include high staffing costs, high energy costs, increasing building costs, and falling pupil numbers. Therefore, future changes to staffing, or a rise in pupil numbers may prevent these losses materialising.</p>	<p>Bolshaw High Lane Ladybrook Nth Chr Jewish Primary Pownall green St Ambrose St Joseph's Stockport Tithe Barn Valley White Hill Westmoreland</p>	<p>Unsustainable budget pressures resulting in a need to set a deficit budget</p>	<p>High</p>	<p>We have recommended that the Head teachers, in conjunction with the Finance / Resources Sub-committee, continue to monitor future budget scenarios and risks to ensure that any shortfalls can be met. Mitigating actions to avoid a deficit budget should be discussed with School Finance Officers where appropriate.</p> <p>If the predicted deficit is within the next twelve months, we recommend that a Recovery Plan is implemented.</p>
2	<p>Key Services</p> <p>At 4 schools, we noted that key services were provided through a third party without evidence that the school had fully considered the legal and financial implications. In all 4 cases, the schools had moved to an IT provider for their data storage and backup, but the contracts with new providers did not provide sufficient information about the protection offered to the school. One of these schools had also moved their Payroll to a third party provider but could not evidence sufficient safety measures in place to protect data and monies.</p>	<p>Nth Chr Jewish Primary St Ambrose Tithe Barn White Hill</p>	<p>The new contract may not conform to statutory or corporate requirements.</p> <p>School may be liable for heavy fines in the event of a data breach or loss of data.</p>	<p>High</p>	<p>If schools are moving key services which include statutory responsibility, such as data storage and backup, then SLT and governors must ensure that the new provider's contract makes clear that adequate protection is given to the school.</p> <p>This applies not just to IT services, but also if schools are intending to use a third party for other services which include statutory responsibilities, such as insurance, HR and Payroll. Whilst third parties may be used for these services, it remains the school's responsibility to confirm that their statutory duties are not affected, and that any new contract conforms to employment law, Information Governance guidelines, and any other legal and corporate requirements.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
3	<p>Governance</p> <p>In five schools, we noted that the meeting minutes did not evidence that governors were providing sufficient challenge on budgeting and financial decisions. This issue has been noted for a number of years, and it is important that schools prioritise it.</p> <p>In three schools, we found that there was insufficient segregation of duties including: no separate Resources Committee or meeting, the Chair taking minutes, and a Head Teacher Chairing the Resources Committee</p> <p>In six schools, we noted that there was no up to date Governor Skills Matrix, or the Skills Matrix was incomplete, or not shared with the full Board and School.</p> <p>In ten schools (over half of those we audited), we found that the governor's Register of Interest was not available on the school website.</p>	<p>Bolshaw High Lane Pownall Green St Joseph's Stockport Woodley</p> <p>Woodley St Joseph's Stockport Westmoreland</p> <p>Nth Chr Jewish Primary Pownall St Bernadette's St Joseph's Stockport St Thomas' H/Chapel Woodley</p> <p>High Lane Ladybrook Lark Hill Nth Chr Jewish Primary</p>	<p>Governors may be unable to perform their function and hold the school to account.</p> <p>Governors may not be adhering to best practice.</p> <p>Governors may not have the appropriate training to enable them to carry out their role.</p> <p>School may be in breach of regulations if governor details are not accessible.</p>	High	<p>Governors should be reminded of the importance of their role as a critical friend of the school. They should always be involved in important financial decisions, and the meeting minutes should reflect the support and challenge offered by governors.</p> <p>It is good practice to have a separate Resources Committee in place. Where this is not possible, the FGB should endeavour to hold a separate Resources meeting, or ensure sufficient time is given to considering resources matters at the FGB meeting. It is not appropriate for the meeting Chair to take minutes, or for the Head Teacher to chair governor meetings.</p> <p>Governors should ensure that they have the skills required to support and challenge schools, by attending training where needed, and maintaining an up to date Skills Matrix. This should be minuted in Governor Meetings, and the skills matrix should be made available to governors on GovernorHub.</p> <p>Governor details on the school website should be kept up to date, and the Register of Interests updated at least annually, or when material changes occur.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	In four schools, governors were persistently absent from meetings, meaning that one school was unable to make decisions at governor meetings due to them not being quorate.	St Ambrose St Joseph's Stockport St Mary's Reddish St Thomas' H/Chapel Westmoreland Woodley Bradshaw Hall Lark Hill Pownall Green St Ambrose Woodley	Governing bodies may be unable to authorise key decisions.		Governors should be reminded of the importance of their role and encouraged to prioritise attendance at meetings. Schools can work with the Council's Governor Support service around recruitment and retention of governors.
4	<p>Policies and Procedures</p> <p>We found that 9 schools had out of date policies, meaning a policy which has not been reviewed at least within the last two years, or within the time period specified in the policy, although some had not been reviewed for even longer.</p> <p>9 schools had policies which were undated, or with no review date, so it was</p>	<p>Bolshaw High Lane Ladybrook Lark Hill St Mary's Reddish St Thomas' H/Chapel Tithe Barn Valley Westmoreland</p> <p>Ladybrook Lark Hill</p>	<p>Staff unaware of the correct processes to follow, leading to an inconsistent approach applied by different staff.</p> <p>Policies may become out of</p>	High	<p>It is essential that schools prioritise bringing policies up to date.</p> <p>We recommended that schools arrange for its plans and policies to be reviewed and updated on a periodic basis. They should then be submitted to the respective committee for approval.</p> <p>It is also good practice to maintain a schedule, and review policies on a cycle, so that policies are reviewed at the appropriate time.</p> <p>All policies should have the date agreed and the date the review is due, recorded on the front page</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	<p>unclear if they were in date or when they should be reviewed.</p> <p>Two schools had old versions of policies on the website.</p>	<p>St Ambrose St Bernadette's St Thomas' H/Chapel St Winifred's Valley Westmoreland Woodley</p> <p>Ladybrook Westmoreland</p>	<p>date without staff realising.</p>		<p>of the policy, so that staff can easily see when policies should be reviewed.</p> <p>When policies are updated, it should be made clear who is responsible for updating them on the school website.</p>
5	<p>Finance Manual</p> <p>Issues were identified with the Finance Manual at all the schools visited, with the main issues being information missing from the Manual, as follows:</p> <p><u>Overtime process – 12 schools.</u></p> <p>Auditors found that procedures relating to the recording and authorising of overtime were not recorded in the manual. This issue has been raised in over half of all schools audited during the last three years.</p>	<p>High Lane Lark Hill St Mary's Reddish Valley</p>	<p>Staff may not be aware of the correct process to follow, and governors may not have full oversight of processes in school.</p>	Medium	<p>The Finance Manual should outline the overtime process, such as any proformas which need to be completed in advance of overtime, or after overtime has taken place, who can authorise overtime, how it will be verified afterwards, and how any records should be stored. It should also outline steps taken to ensure the segregation of</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
		White Hill Ladybrook Pownall Green Nth Chr Jewish Primary Tithe Barn St Joseph's Stockport Bolshaw Westmoreland			duties, so that staff do not authorise or input their own overtime details. If this information is already recorded elsewhere (for example in an Overtime Policy), it is <u>not</u> necessary to repeat the information in the Finance Manual. However, the relevant document should be referenced in the Finance Manual, so that staff know where to locate this information.
	<p><u>Recording of Income – 14 schools</u></p> <p>In almost all schools audited this year, the process for the recording and reconciliation of income was either not given in the manual, or the process given was incomplete.</p> <p>Income reviewed included lunch monies, uniform sales, snack monies, club fees, trip monies, and lettings. The quality of recording and monitoring systems in relation to income varied between the schools audited, and sometimes between the type of income.</p>	<p>High Lane Lark Hill St Thomas' H/C St Winifred's White Hill St Ambrose Bradshaw Hall Pownall Green St Bernadette's Nth Chr Jewish Primary Tithe Barn St Joseph's Stockport Bolshaw</p>			<p>The Finance Manual should include details of how all income and payments are recorded and reconciled. This should include all income the school may have.</p> <p>The Manual should outline recording procedures for both cash and electronic payments where these are in place (e.g., ParentPay), how segregation of duties is maintained, and the procedures to follow should any discrepancies arise.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
		Westmoreland			
	<p><u>Debt procedures – 10 schools.</u></p> <p>In over half of the schools audited, debt procedures were not recorded anywhere, which meant that governors had no oversight of the level of pupil debt in the school, or how the school managed it.</p>	<p>High Lane</p> <p>Lark Hill</p> <p>St Mary's Reddish</p> <p>White Hill</p> <p>Ladybrook</p> <p>Pownall Green</p> <p>St Joseph's Stockport</p> <p>Bolshaw</p> <p>Westmoreland</p> <p>Woodley</p>			<p>The Finance Manual should include any existing pupil debt processes, such as:</p> <p><i>How debt is recorded and monitored.</i></p> <p><i>Debt limits which will trigger contact from school (whether this be the amount owed, or the number of days unpaid).</i></p> <p><i>How requests for payment will be escalated (i.e., through texts, calls, standard letters etc.)</i></p> <p><i>What will happen if the debt relates to lunch monies (i.e., whether pupils or staff will be refused food).</i></p> <p><i>Whether pupil debt can be transferred to siblings.</i></p> <p><i>When debt can be written off and by whom.</i></p> <p>Including this information in the Finance Manual ensures that the governors are involved in agreeing the process. If the information is already held elsewhere, the Manual merely has to reference where the information is held.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	<p><u>Cash Handling Procedures – 9 schools</u></p> <p>In 9 of the schools audited, the Finance Manual either did not outline the procedures for cash handling, or the procedures given were unclear and open to misinterpretation. Again, this issue has been raised in previous Schools Summary Reports for the past three years.</p>	<p>High Lane</p> <p>Lark Hill</p> <p>St Mary's Reddish</p> <p>St Thomas' H/C</p> <p>St Winifred's, Valley</p> <p>White Hill</p> <p>St Joseph's Stockport</p> <p>Bolshaw</p>			<p>The Finance Manual should make clear the procedures for cash handling, if cash is still accepted in the school. It should outline which staff are responsible for accepting cash, receipting (if receipts are in place), counting, recording, and reconciling all cash. It should also state where cash is held within school, how it is kept safe, and what the agreed cash limit for the school is.</p> <p>If cash is not accepted, the manual should state this.</p>
	<p><u>Delegation Limits – 7 schools</u></p> <p>In 7 of the manuals reviewed, delegation limits (for purchasing, virement, or sale of assets) was either not given, or was incomplete.</p>	<p>White Hill</p> <p>Ladybrook</p> <p>Bradshaw Hall</p> <p>Pownall Green</p> <p>St Bernadette's</p> <p>Nth Chr Jewish Primary</p> <p>St Joseph's Stockport</p>			<p>The finance manual should include the delegation grid which outlines the authorisation limits for the purchase of goods, virement of funds, and sale of assets. This should include all staff and governors who have any authorisation limits in these areas.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	<p><u>Banking procedures – 7 schools.</u></p> <p>Auditors found that there were generally robust safeguards in place in relation to banking, but that many of these safeguards were not recorded in the Finance manual.</p>	<p>High Lane</p> <p>Lark Hill</p> <p>St Thomas' H/C</p> <p>St Winifred's</p> <p>Valley</p> <p>NCJP</p> <p>St Joseph's Stockport</p>			<p>The Finance Manual should outline the banking procedures, including the procedure for banking cash in those schools which still accept cash, and how staff safety is prioritised when attending the bank. If banking procedures have changed due to branch closures or Covid 19, the manual should be updated accordingly.</p>
	<p><u>Expenses – 6 schools</u></p> <p>In six manuals reviewed, it was not stated whether staff were allowed to claim expenses (e.g., for resources, equipment, parking at training, etc.) and how these were claimed (e.g., through Petty Cash, or bank payments).</p>	<p>St Thomas' H/C</p> <p>Bradshaw Hall</p> <p>Pownall Green</p> <p>St Bernadette's</p> <p>Tithe Barn</p> <p>Woodley</p>			<p>The manual should outline which staff are able to claim back expenses, what type of expenses are allowed, the maximum limit, and how expenses will be reimbursed. It should also make clear how segregation of duties is maintained when paying and claiming back expenses.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	<p><u>Internet Banking Protocol – 4 schools</u></p> <p>In four schools, we found that internet banking was used, but this was not included in the Finance Manual.</p>	<p>Lark Hill</p> <p>Nth Chr Jewish Primary</p> <p>Valley</p> <p>White Hill</p>			<p>If Internet Banking facilities are used by staff, then the protocol for its safe use should be outlined in the finance manual. This should include for example, a list of which staff have access, what it is used for, and the measures in place to ensure it is used safely – such as separate usernames and passwords, and the safe addition and removal of users when staff changes occur. This will provide clarity both for staff and governors and will be reviewed annually as part of the finance manual review.</p>
	<p><u>Inventory – 3 schools</u></p> <p>In 3 of the manuals reviewed, we found that arrangements for the updating and checking of the school's asset inventory was either not given, or the information in the manual was insufficient.</p>	<p>High Lane</p> <p>Lark Hill</p> <p>St Joseph's Stockport</p>			<p>The finance manual should outline the minimum value of items on the inventory, as well as who has responsibility for adding to and removing items from to the inventory. It should also specify how often the inventory is checked, by whom, and how this is recorded.</p> <p>If the school has a separate inventory policy which includes this information, this policy should simply be referenced in the Finance Manual so that staff know where to locate it.</p>
	<p><u>Segregation of Duties when purchasing</u></p> <p>3 manuals did not make clear the controls in place around segregation of duties when purchasing.</p>	<p>Bolshaw</p> <p>Lark Hill</p> <p>St Joseph's Stockport</p>			<p>It should be clear from the manual what controls are in place around segregation of duties when making purchases for the school.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	<p><u>Date of Manual – 3 schools</u></p> <p>In 3 schools, we found issues with the date of the Finance Manual, meaning it was either out of date, or undated.</p>	<p>High Lane</p> <p>Ladybrook</p> <p>Pownall Green</p>			<p>The Finance Manual should have the date it was ratified at the start, and the review date should be annual. This ensures that all staff know they are using the most up to date version of the manual and reminds staff that the manual should be reviewed and ratified annually.</p>
	<p><u>Petty Cash - 3</u></p> <p>In three schools, we found the procedures for the running of the Petty Cash were not recorded anywhere.</p>	<p>Lark Hill</p> <p>Valley</p> <p>White Hill</p>			<p>If schools operate a Petty Cash fund, the rules and procedures around the fund should be included in the Finance Manual. This should include at least: the fund limit, transaction limit, what it can be spent on, who can access it, who can authorise spends, how it is stored safely, and how it is monitored and reconciled.</p>
	<p><u>Bank Signatories – 3</u></p> <p>In three schools, we found there was either no record of the bank signatories, or the signatories given in the manual were out of date.</p>	<p>High Lane</p> <p>St Ambrose</p> <p>St Joseph's Stockport</p>			<p>The finance manual should outline the bank signatories in full. This should be reviewed annually by governors, and updated whenever changes to the signatories occur.</p>
	<p><u>School Fund Processes – 2</u></p> <p>In two schools, we found that the procedures around the unofficial fund, sometimes known as the School Fund, were not given.</p>	<p>St Joseph's Stockport</p> <p>Woodley</p>			<p>The finance manual should include the processes around the school fund such as which staff member/s are responsible for it, what the monies can be used for, and how it is reconciled and audited. If this information is held in a separate School Fund Policy, the Manual should simply reference where the information is held, so that staff know where to locate the information.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	<p><u>Charge Card - 2</u></p> <p>In two schools, we found that the procedures around the use of the Charge Card were either missing from the manual, or the information contained within the manual was insufficient.</p>	<p>Ladybrook</p> <p>Lark Hill</p>			<p>The Finance Manual should outline the procedures for the use of the Charge Card, including at least: the credit limit, acceptable use, the signatories, whether there is a PIN, and if so who can access it, where the card is stored and the safeguards in place around its storage, how often it is reconciled, and what happens when a card holder leaves the school.</p>
	<p><u>Tendering Rules - 2</u></p> <p>Two manuals did not make clear the limit at which tendering processes would apply, and what processes would be followed.</p>	<p>Bolshaw</p> <p>Nth Chr Jewish Primary</p>			<p>The Finance Manual should make clear the limit at which tendering processes apply, and what processes should be followed.</p>
	<p><u>BACS Process – 2</u></p> <p>In two schools which operated BACS payments, the process was not given in the finance manual.</p>	<p>Bolshaw</p> <p>Lark Hill</p>			<p>Where schools operate BACS payments, the process should be outlined in the manual. This should include for example, a list of which staff have access, what it is used for, and the measures in place to ensure it is used safely – such as separate usernames and passwords, and the safe addition and removal of users when staff changes occur. This will provide clarity both for staff and governors and will be reviewed annually as part of the finance manual review.</p>
	<p><u>Ordering Process – 1</u></p> <p>In one finance manual, the process for ordering goods and services was not given.</p>	<p>St Joseph's Stockport</p>			<p>The finance manual should outline the process for ordering including each step of the process, with clear guidance on how segregation of duties is maintained when ordering goods and services.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
6	<p>Procurement</p> <p>At a number of schools, we found some procurement practices which could be improved. These are set out below:</p> <ul style="list-style-type: none"> Insufficient number of quotes for a large purchase, contrary to the guidance set out in the Finance Manual. 	<p>Ladybrook</p> <p>Pownall Green</p>	<p>Inability to demonstrate value for money and transparency</p>	<p>Medium</p>	<p>We recommend that in instances where the school obtains competitive quotations to choose a supplier, such quotations should be retained on file as evidence.</p>
	<ul style="list-style-type: none"> Three incidences where schools have not tendered certain high value contracts for a number of years. Delegation Grid is not adhered to, or the limits outlined in the Delegation Grid are inappropriate (for example, the Head Teacher and Chair of Governors have a higher authorisation limit than the Resources Committee). 	<p>Lark Hill</p> <p>Valley</p> <p>White Hill</p> <p>Bolshaw</p> <p>High Lane</p> <p>Nth Chr Jewish Primary</p> <p>St Joseph's Stockport</p> <p>St Thomas' H/Chapel Valley</p>	<p>Lack of evidence to demonstrate decision making and that best value is being achieved</p> <p>Purchases may not be adequately challenged.</p>		<p>We recommend schools reviews the contracts it has with its suppliers to determine if they are getting value for money and if they should continue on the current basis. Contracts with the same provider should be kept to a maximum of 3-5 years before schools should go through a competitive procurement process and obtain quotes, in order to ensure value for money.</p> <p>Schools should ensure that the delegation grid shows a clear progress of authorisation limits, with the smallest amount usually authorised by the Head Teacher alone, then the Head Teacher and Chair of Governors, then the Resources Committee, and finally, for the largest amount, the Full Governing Board.</p> <p>However, in larger schools, other members of SLT may also have authorisation limits – including the SBM or Heads of Department. In this case,</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	<ul style="list-style-type: none"> PO dated after the invoice, suggesting that the correct purchasing process has not been followed. 	Bolshaw Bradshaw Hall Ladybrook Nth Chr Jewish Primary St Ambrose St Joseph's Stockport St Thomas' H/Chapel Tithe Barn Valley White Hill	Purchasing processes may become confused or unclear. Invoices may be received for purchases which have not been authorised.		they should also be included in the Delegation Grid. Schools should introduce spot checks to ensure that the correct purchasing process is being adhered to.
	<ul style="list-style-type: none"> Systems for purchasing are unsafe, such as lack of segregation of duties, or storing username and PIN details together. 	Bolshaw Bradshaw Hall Pownall Green St Joseph's Stockport St Mary's Reddish White Hill	There is a risk of fraud, and a lack of managerial oversight		Schools should ensure that there is a clear segregation of duties in place across all purchases including BACS, cheques and cash. Usernames and PIN for financial systems such as BACS should never be stored together.
	<ul style="list-style-type: none"> School made inappropriate purchases (such as gifts or food for staff, or where personal loyalty cards were used) 	Bradshaw Hall Lark Hill St Mary's Reddish Valley	School cannot evidence that spending benefits pupils.		Schools should ensure that all spending is appropriate and for the clear benefit of pupils. Further guidance can be found in the Council's Scheme for Financing Schools

No.	Finding	School(s)	Risk	Priority	Recommendation
7	Assets	Westmoreland White Hill		Medium	
	The management of school assets varied greatly between different schools. Whilst some schools had good asset management systems in place, in other schools, auditors found the following issues:				
	In seven schools, the inventory was incomplete (i.e., serial numbers, cost, or date of purchase were not always recorded) or didn't include all assets (e.g.: only covered ICT, and no other valuable assets within school.	Bradshaw Hall High Lane Pownall Green St Ambrose St Bernadette's St Winifred's Whitehill	In the event of an insurance claim, schools lack the information required by insurance companies.		Inventories should include all relevant information and should be updated whenever new items of value are purchased. All items of value owned by the school should be included in the inventory. The minimum value for inclusion in the inventory can be set by governors.
	In two schools, the inventory check had not been completed within the last year.	St Winifred's Valley	SLT have no assurance that items recorded on the inventory are present within school.		Inventories should be checked at least annually to ensure that they are accurate. This task can be broken down so that staff check their own classrooms or blocks, so that the task is not reliant on one or two staff.
	Five schools were found to have no Asset Maintenance Plan in place.	Nth Chr Jewish Primary St Ambrose Tithe Barn	Equipment which requires scheduled maintenance		All schools should hold an Asset Maintenance Plan, indicating when equipment in school should be serviced or inspected – either by school staff or external contractors. The AMP ensures that statutory inspections and services are carried out

No.	Finding	School(s)	Risk	Priority	Recommendation
	In two schools, the AMP was incomplete, out of date, or statutory inspections were found to be overdue.	Valley White Hill Bolshaw Bradshaw Hall High Lane Nth Chr Jewish Primary St Joseph's Stockport Westmoreland	or inspection may become faulty, presenting a risk to staff and pupils.		in a timely manner, and it should be updated regularly, in order to provide staff with an accurate overview.
8	<p>Strategic Plans</p> <p>In two schools, we found that the Business Continuity Plan (BCP) was out of date and included old contact details, sometimes of previous members of staff, or of Council staff who have since left.</p> <p>We did not find evidence that this had impacted the running or business continuity of the school, but that schools had maintained business continuity over the past few years without a formal plan being in place.</p> <p>One school had no BCP at all.</p>	<p>St Mary's Reddish Valley</p> <p>White Hill</p>	<p>In the event of an emergency, staff may not have access to the contact details, helpful names and numbers, or processes which they should follow.</p> <p>If staff are required to provide remote</p>	Medium	<p>Schools should review their BCP regularly and ensure that the details contained within them are up to date and reflect current processes. The BCP can then aid staff in the event of an emergency or crisis and provide clear procedures to follow.</p> <p>Unofficial procedures, or procedures which are not in the BCP, are not helpful in the event of key staff who know these procedures being unavailable. Therefore, the accuracy of the details included in the BCP is essential if, in the event of an emergency, members of the SLT are unavailable, and other staff are required to take action based on the procedures outlined in the BCP.</p> <p>It is essential that BCPs include provision for remote learning, and outline how staff will teach remotely, and how pupils will be supported to</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	<p>In two of the schools, we identified that the BCP made no mention of remote learning.</p> <p>We reviewed the School Development Plan (SDP) and at nine schools, we found that where financial resources are required to achieve specified outcomes, the SDP did not always include the financial details, or spends were not aligned to the budget.</p>	<p>High Lane St Mary's Reddish</p> <p>Bradshaw Hall High Lane Ladybrook Lark Hill Nth Chr Jewish Primary St Bernadette's St Joseph's Stockport St Thomas' H/Chapel Tithe Barn</p>	<p>learning in the future, the effectiveness of this may be hampered by a lack of consistency or clear direction.</p> <p>Budgetary needs to meet the school's priorities may not be set aside.</p>		<p>access online learning. This is important not just in case of future lockdowns, but in any situation in which access to the school premises is affected (such as fire, flood, or damage to school buildings). We would recommend that all schools ensure that their BCPs reference the provision of online learning.</p> <p>The budget should be explicitly drawn from the SDP. Therefore, where applicable, the link between the required financial budget / resources to meet the targets in the School Development Plan should be made clear. This will ensure that there is sufficient money in the budget, and that governors have full oversight of spending priorities.</p>
9	<p>Health and Safety</p> <p>In four of the schools audited, we found that we were unable to access records of the Health and Safety Governor Walkarounds. This was because none had been carried out during the past twelve months, or the walkarounds had been carried out but not recorded, or because the records were held by one member of staff who was not available.</p>	<p>St Thomas' H/Chapel</p> <p>Nth Chr Jewish Primary St Joseph's Stockport Westmoreland</p>	<p>Governors have reduced oversight of health and safety issues within the school.</p>	Medium	<p>H&S governor walkarounds should be taking place as normal now restrictions have been lifted. They should be clearly recorded or minuted, and notes held to evidence that they have taken place and recommendations from them have been actioned. These notes should be available to all relevant members of staff and governors.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	<p>In four schools, the records held of the walkarounds lacked the appropriate detail.</p> <p>In two schools, it was noted that the regular checks carried out by the Site Manager were either not fully evidenced, or not evidenced at all.</p>	<p>Pownall Green St Mary's Reddish St Winifred's Valley</p> <p>High Lane Lark Hill St Thomas' H/Chapel</p>	<p>Governors are not able to evidence that they are aware of relevant H&S issues within school.</p> <p>The school is not able to evidence that regular H&S checks are carried out.</p>		<p>Schools can share good practice of H&S walkaround records within their clusters or ask the H&S Team for support.</p> <p>Scheduled checks by the Site Manager (whether daily or weekly) should be evidenced by them, using a proforma agreed with the school. The checks which the Site Manager will carry out, and the frequency of these checks, should be agreed in advance, recorded, and reviewed when appropriate.</p>
10	<p>Income Records</p> <p>Schools may have regular income from clubs, breakfast and snack facilities, and from lettings. We identified a number of issues with how schools process this regular income, as follows:</p> <p>In three schools, cash income from breakfast and snack/tuck facilities was not recorded, making reconciliation impossible.</p>	<p>St Bernadette's Tithe Barn Westmoreland</p> <p>Woodley</p>	<p>The school is not able to reconcile cash</p>	Medium	<p>Cash should be recorded on a daily basis and reconciled independently, to prevent losses.</p> <p>It is important that segregation of duties is maintained for income as well as expenditure, so</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	<p>In one school, there was no segregation of duties in the receiving and recording of cash.</p> <p>In two schools, there was no debt recovery process in place, or the process was incomplete or insufficient.</p> <p>In two schools there was no lettings agreement in place, and hirers signed the lettings policy instead.</p> <p>In two schools, the lettings agreement in place was insufficient and did not include the necessary information.</p> <p>In two schools, lettings rates were inconsistent between hirers and were not based on actual costs to the school.</p> <p>In two schools, lettings rates had not been reviewed for many years.</p> <p>In one school, a card reader was used to take payments, but the school had not completed PCI-compliance checks or provided written guidance to minimise its risks.</p>	<p>St Ambrose</p> <p>Tithe Barn</p> <p>Valley</p> <p>White Hill</p> <p>Nth Chr Jewish Primary</p> <p>St Thomas' H/Chapel</p> <p>Bradshaw Hall</p> <p>Pownall Green</p> <p>Tithe Barn</p> <p>Bolshaw</p> <p>St Winifred's</p> <p>Westmoreland</p> <p>Woodley</p> <p>White Hill</p>	<p>Risk of loss of monies</p> <p>Debt may escalate without a process to address it.</p> <p>The school is at risk without a legal agreement being in place</p> <p>The school may lose income on lettings</p> <p>The school risks being in breach of</p>		<p>that the process is transparent and the risk or loss or errors is reduced.</p> <p>Schools should have a formal debt recovery process in place, agreed with governors, which outlines in full what steps will be taken to recover monies owed, and the order of escalation.</p> <p>Each letting should have its own lettings agreement in place, which is signed by the hirer and school representative.</p> <p>The lettings agreement should outline the exact terms of the lettings including at least: the costs, length of agreement, insurance requirements, deposits, and penalties. Schools are responsible for ensuring the lettings agreement is sufficient.</p> <p>Rates for lettings should be based on a recent cost analysis to ensure that rates are fair, and the school is not losing out financially when letting.</p> <p>Rates should be reviewed regularly to ensure that school is maximising its income.</p> <p>It is not recommended that schools have their own card reader to accept payments.</p> <p>Card readers bring additional legal requirements to schools due to the processing of financial data. If schools do hold a card reader, they are responsible for addressing the additional risks, ensuring that they have met all the legal</p>

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			financial and data protection law.		requirements, and must complete PCI-compliance checks as appropriate.
11	<p>Overtime</p> <p>In five schools, we noted that there was insufficient evidence that overtime payments had been budgeted for and authorised before the overtime was carried out. This is an issue that has been highlighted in the Schools Summary Report for the past three years.</p> <p>In two schools, we found office staff could process their own payments.</p>	<p>High Lane Lark Hill St Mary's Reddish St Thomas' H/Chapel Valley</p> <p>St Joseph's Stockport Tithe Barn</p>	<p>Overtime payments may not be budgeted for.</p> <p>Lack of segregation of duties.</p>	Low	<p>Schools should ensure that there is evidence held that all overtime has been authorised before it is taken. This evidence could be in the form of an Overtime Request Form, or even an email from the Head Teacher, agreeing that overtime on a certain day will be paid.</p> <p>Where office staff who process payments also carry out overtime, additional spot checks by an independent member of staff are advised.</p>
12	<p>Cash Banking</p> <p>In one school, we found the cash was not banked regularly enough, meaning the amount held exceeded the limit outlined in the finance manual.</p> <p>In one school, we found that cash was counted and banked by one member of staff.</p> <p>In one school, we found no risk assessment had been carried out to protect staff taking cash to be banked, and in another school, we found cash</p>	<p>St Winifred's</p> <p>St Ambrose</p> <p>White Hill</p> <p>Pownall Green</p>	<p>Cash limits agreed by governors not adhered to.</p> <p>Lack of segregation of duties.</p> <p>Risks to staff not addressed.</p> <p>Risk to both school and staff member.</p>		<p>Systems should be in place to bank cash on a regular basis so that agreed limits can be adhered to.</p> <p>Cash should be counted and verified by at least two members of staff, and the receipt/confirmation should be checked independently.</p> <p>Schools should risks assess staff journeys to the bank in order to address any possible risks.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
	was taken home and banked by a member of staff on their day off.				School cash should not be held at staff member's homes, and all cash banking duties should be carried out during working hours.
13	<p>Bank Accounts</p> <p>In two schools, we found that the bank account name did not include SMBC.</p> <p>At one school, a previous staff member still had access to the online banking system.</p> <p>The school had no up to date evidence of which staff members were signatories on the bank account.</p>	<p>Valley</p> <p>St Mary's Reddish</p> <p>Nth Chr Jewish Primary</p> <p>Bolshaw</p>	<p>The Council may be unable to access the bank account when required if the account name does not include SMBC</p> <p>The bank account may be compromised.</p> <p>Staff cannot evidence which members of staff can authorise payments.</p>	Low	<p>Schools should ensure that their bank account name includes SMBC, which can be either at the beginning or end of the account name.</p> <p>Schools should ensure they are aware how to add and remove staff members to the online banking system and have processes in place to ensure this is carried out.</p> <p>Schools should ensure they keep up to date bank mandates showing the account signatories. Where this proves difficult, because banks are reluctant to issue updated mandates, school should hold written evidence of which staff they have requested as signatories – for example, copies of emails to the bank.</p>
14	<p>Voluntary Funds</p> <p>In four schools, we found that a voluntary or school fund account was being kept open, despite being either not used or rarely used.</p>	<p>Bradshaw Hall</p> <p>St Joseph's Stockport</p> <p>St Thomas' H/Chapel</p> <p>Valley</p>	<p>Schools are paying for the annual external audit of an account</p>	Low	<p>Schools can close the School Fund if they are not making use of it.</p> <p>If schools use a School Fund infrequently, they can transfer the monies to their main account and ringfence it if they wish, removing the need for a separate annual audit.</p>

No.	Finding	School(s)	Risk	Priority	Recommendation
			which is rarely utilised.		(Schools which use their School Fund frequently should continue to operate it as a separate account).
15	Financial Benchmarking From January 2021, all school websites should contain the following financial information: <ul style="list-style-type: none"> • A link to the school's financial benchmarking • The number of staff within school earning £100,000 or more. In four schools reviewed, we found this information had not yet been added to the website.	Nth Chr Jewish Primary Pownall Green St Thomas' H/Chapel Tithe Barn	School may be in breach of regulations set out by the DfE.	Low	Schools should ensure that their websites contain all the information they are legally required to display, including the two additional requirements added in 2021.
16	Bank Reconciliations In one school, we noted that the monthly bank reconciliations were not being returned to the Schools Finance Team on time.	Westmoreland	Schools cannot evidence that their monthly income and outgoings are accounted for in full.	Low	Schools should have systems in place to ensure that the monthly bank and VAT reconciliations are returned to Schools Finance on a monthly basis. If schools are struggling to do this, they should alert Schools Finance quickly and ask for support from their school cluster, if necessary, to prevent a backlog building up.
17	Information Governance Most schools demonstrated good compliance with IG requirements.	Tithe Barn	Schools may not comply with requirements and miss opportunities	Low	Schools should complete their IG Self-Assurance Dashboard and return it to the IG team as requested. This will help schools to identify if they

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No.	Finding	School(s)	Risk	Priority	Recommendation
	In one school, the Self-Assurance Dashboard, sent out by the IG Team, had not been completed.		to improve their IG compliance.		are compliant with regulations and outline any steps they need to take.