

RSM Tenon

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THURROCK COUNCIL

Follow Up of Previous Internal Audit Recommendations

Internal Audit Report 12/13

February 2012

CONTENTS

SECTION		Page
1	Executive Summary	1
2	Action Plan	4
3	Findings and Recommendations	7
Appendix A:	Definitions for Progress Made	22
Appendix B:	Data to Support Our Opinion	23

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This review has been performed using RSM Tenon's bespoke internal audit methodology, **i-RIS**.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

As part of the approved internal audit periodic plan for 2012/13 we have undertaken a review to follow up progress made by Thurrock Council to implement previous internal audit recommendations. Recommendations with dates for implementation not yet due will be followed up as part of the 2011/12 follow up work.

The audits considered as part of this follow up review were:

- Somers Heath Primary School
- Stifford Primary School
- Abbots Hall Primary School
- Shaw Primary School
- Graham James Primary School
- Herringham Primary School
- Woodside Primary School
- Bulphan Primary School
- Payroll (including HR)

The 40 recommendations considered in this review comprised of 5 High, 6 Medium and 29 Low recommendations. All had reached their implementation date.

Concentrating on the recommendations classified as High and Medium, the focus of this review was to provide assurance that all recommendations previously made have been adequately implemented. For recommendations categorised as Low we have accepted management's assurance regarding their implementation.

Staff members responsible for the implementation of recommendations were interviewed to determine the status of agreed actions. Where appropriate, audit testing has been completed to assess the level of compliance with this status and the controls in place.

1.2 CONCLUSION

Taking account of the issues identified in the remainder of the report and in line with our definitions set out in Appendix A, in our opinion Thurrock Council has demonstrated reasonable progress in implementing actions agreed to address internal audit recommendations.

We have reiterated recommendations where these have not yet been implemented and these are shown in the Action Plan in section 2 of this report.

1.3 LIMITATIONS TO THE SCOPE OF THE AUDIT

This review only covered audit recommendations previously made and did not review the whole control framework of the areas listed above. Therefore, we are not providing assurance on the entire risk and control framework of those areas.

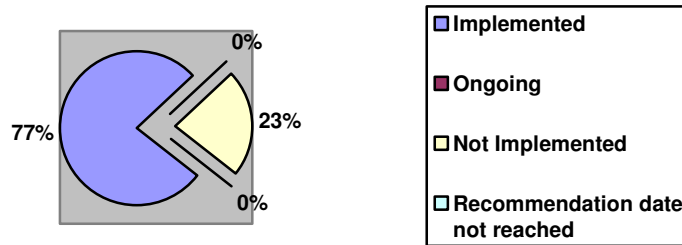
Testing was only carried out on recommendations rated High or Medium and management assurance was noted for recommendations rated as Low.

Where testing has been undertaken, our samples have been selected over the period since actions were implemented or controls enhanced.

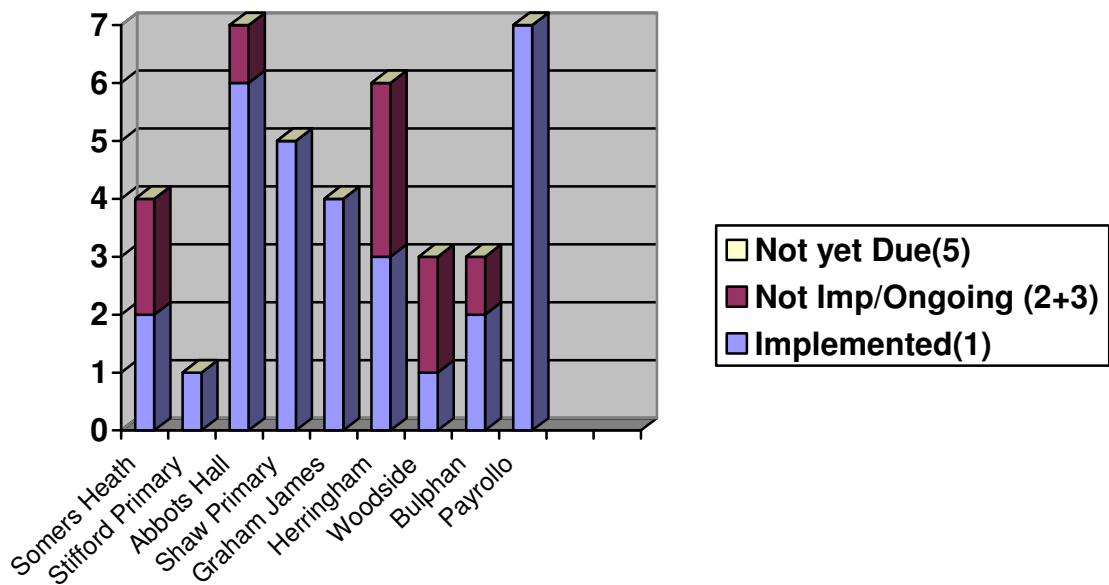
Our work does not provide any guarantee or absolute assurance against material errors, loss or fraud.

1.4 STATUS OF RECOMMENDATIONS FOLLOWED UP

The Pie Chart below provides an overview of the status of recommendations that have been followed up as part of this review.



The Bar Chart below provides an overview of the status of recommendations that have been followed up as part of this review, grouped according to audit area:



2 ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
3.1 Somers Heath Primary School						
3.1.1	Internal Audit recommends that the plan should include outline developments for years 2 and 3, in line with projected budget forecasts.	Low	Y	Agreed	A.S.A.P	Head Teacher
3.1.3	All monthly reconciliations carried out by the bursar should be countersigned by the Head Teacher, confirming the cash book agrees to the Bank statement.	Low	Y	Agreed	From now on	Head Teacher
3.3 Abbots Hall Primary School						
3.3.7	Two references and evidence of qualifications should be obtained and kept in the personnel file of all new employees.	Medium	Y	Agreed	From now on	Head Teacher Chair of Governor
3.6 Herringham Primary School						
3.6.1	Governors and relevant staff should sign a declaration of interest form when they are appointed and every subsequent	Low	Y	Include in the next Governors agenda	A.S.A.P	Business Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	year they remain a Governor or a member of staff with an interest.					
3.6.2	To comply with the school's Financial Regulations a full reconciliation of the cash book to the bank statement, should be maintained and the Head Teacher informed of any discrepancies. Submission of forms to Thurrock Council for claiming reimbursement must be sent either each month or when 50% of the imprest has been spent, whichever is the sooner. This in turn will prevent the Bank Account going overdrawn.	Medium	Y	Agreed this is an issue	A.S.A.P	Head Teacher Business Manager
3.6.3	Purchase Orders should be raised in the first instance to ensure that Management Information Reports are kept up to date.	Low	Y	Agreed	From now on	Business Manager
3.7 Woodside Primary School						
3.7.2	All purchase orders should be signed in accordance with the limits stated in the Financial Regulations. All purchase orders must be raised in the first instance, including for utility bills, to ensure commitments are reflected on the system and management information reports are up to date.	High	Y	Agreed: All procedures will be reviewed now we have moved to an Academy school	A.S.A.P	Head Teacher Chair of Governors
3.7.3	An independent reconciliation should be carried out to ensure the amount entered on the system for dinner money collected, agrees with the income received and banked.	Medium	Y	Agreed: All procedures will be reviewed now we have moved to an Academy school	A.S.A.P	Head Teacher Chair of Governors

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
3.8	Bulphan Primary School					
3.8.2	Reimbursements for petty cash should be submitted to Thurrock Council either each month or when the amount reaches 50%.	Low	Y	Agreed	From now on	School Manager

3 FINDINGS AND RECOMMENDATIONS

Each recommendation followed up has been categorised in line with the following:

Status	Detail
1	The entire recommendation has been fully implemented.
2	The recommendation has been partly though not yet fully implemented.
3	The recommendation has not been implemented.
4	The recommendation has been superseded and is no longer applicable.
5	The agreed date for implementing the recommendation has not yet been reached.

3.1	SOMERS HEATH PRIMARY SCHOOL				Status Reported To Audit Committee [status / date reported]	FINDINGS	
Ref	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible		Status	Comments / Implications / Recommendations
1	The School Development Plan should cover 3 years.	Low	1/4/08	Head	5/2/08	3	Internal Audit examined the School Development Plan, which is fairly comprehensive. However, it only covers up to end of the school year for 2013. The Plan was discussed at length at the Governors meeting of 27th June 2012.
2	Orders should be raised before the goods and/or invoice is received to get a commitment on the system.	Low	1/4/08	Head	5/2/08	1	Internal Audit selected a sample of 20 purchase orders from a generated report from the school's accounting system. These were traced to supporting documents in order to verify how they were ordered and authorised. In all cases a purchase order generated from the school's system was present and had been authorised in line with the school's Financial Regulations.

3	Monthly reconciliation of school fund to be counter-signed by the Headteacher.	Low	1/4/08	Head	5/2/08	3	Internal Audit reconciled the School Fund account against the Bank Statements for the last 4 months. All entries in the cashbook were completed correctly and could be agreed to the Bank Statements and invoices etc. Monthly reconciliations are carried out by the Bursar and signed but there is no evidence of an independent review.
4	Passwords need to be changed more regularly.	Low	1/4/08	Head	5/2/08	1	Passwords are changed regularly and system access is restricted to the Bursar and Deputy Headteacher.
3.2	STIFFORD PRIMARY SCHOOL				Status Reported To Audit Committee	FINDINGS	
Ref	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible	[status / date reported]	Status	Comments / Implications / Recommendations
1	The re-approval of the auditor by the Governing Body is required, and needs to be included in the agenda of the next meeting.	Low	27/11/08	Head	2/2/09	1	Internal audit examined the Finance & Premises Committee minutes for 17th November 2011 and noted the following: > The Governors received the audited school fund account for 2010/11. > The re-appointment of the auditor for the 2011/12 account was approved. The audited accounts for 2011/12 were presented to the Governors at their meeting on 8th November 2012.

3.3	ABBOTS HALL PRIMARY SCHOOL				Status Reported To Audit Committee [status / date reported]	FINDINGS	
Ref	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible		Status	Comments / Implications / Recommendations
1	The Financial Regulations should be amended to accurately reflect the school's procedures, including the invoice authorisation limits of the Deputy Head and the maximum amount which may be paid out of petty cash.	Low	Jan 11	Chair	17/2/11	1	Internal Audit obtained a copy of the school's Financial Regulations & Scheme of Delegation. They were dated 26th November 2012 and had been approved and signed by the Chair of Governors. The Regulations were in line with the school's processes.
2	To comply with the school's Financial Regulations, only amounts of up to £20 should be paid by cash in hand.	Low	Jan 11	Head	17/2/11	1	Petty Cash transactions were reviewed for the last 2 months and in all cases met the school's financial regulations. Monthly reconciliations are carried out by the Finance Manager and authorised by the Head Teacher.
3	All purchase orders should be signed as authorised in accordance with the limits stated in the Financial Regulations. If the school's standard order form was not used for the purchase, the authorising signature should appear on the purchase order generated by FMS.	Low	Immediate	Bursar	17/2/11	1	A purchase order was present in all cases and had been signed by the Head Teacher. One purchase order had also been signed by the Chair of Governors, which was in accordance with the Financial Regulations..
4	The fact that goods or services have been received should be recorded. In the absence of a delivery note, a note should be made on the order or invoice, by someone other than the person who authorised the order, that the goods or services have been received.	Low	Immediate	Bursar	17/2/11	1	For the sample of 20 purchases tested earlier, Internal Audit verified how the delivery of goods or services was recorded. All deliveries were documented either by a signed delivery note, or a signature on the invoice. All services were acknowledged with a 'work complete' comment and signature.

5	<p>1) The following additional information should be included in the inventory register:</p> <ul style="list-style-type: none"> ▪ purchase date and price, ▪ date and outcome of most recent check, ▪ disposal date, reason, authorisation and proceeds, where applicable. <p>2) New additions should be added to the registers promptly.</p> <p>3) Annual inventory checks should be carried out as follows:</p> <ul style="list-style-type: none"> ▪ the Site Manager or IT consultant should verify that the items on the register are indeed physically present and note when they have changed location; ▪ the person carrying out the check should sign and date the paper copy of it; <p>this copy should then be passed to the Headteacher, who should review and sign it.</p>	Low	Mar 11	Bursar	17/2/11	1	<p>Internal Audit reviewed the inventory register at the school. There were two such documents, one for the IT equipment and one for all other equipment and furniture. It was maintained by the Finance Manager and included serial numbers and locations. It was up to date, with the last entry dated November 2012.</p>
6	<p>Disposals of inventory items should be authorised in writing in accordance with the limits set out in the Financial Regulations.</p> <p>When disposing of computer equipment and other electrical goods, the method should be recorded.</p> <p>All inventory disposals should be reported to the Finance Committee.</p>	Low	Mar 11	Head/ Bursar	17/2/11	1	<p>Disposal of surplus equipment and materials was specified in the Financial Regulations. Some very old equipment had been earmarked for a charity.</p>

7	For each new employee, two references should be obtained and kept in the personnel file.	Medium	Immediate	Bursar	17/2/11	3	<p>Internal Audit examined the personnel files of the seven employees tested earlier. All files contained a signed contract and a letter of appointment. It is the school's policy to obtain CRB clearance for all staff at least once every three years. All staff tested had such clearance.</p> <p>Two out of three files which related to teaching staff only had one reference on file. The Chair of Governors agreed one and the Head Teacher accepted only one reference for the other. In addition, these two files did not hold copies of evidence of qualifications.</p> <p>It was agreed at the last audit in November 2010, that 2 written references would be kept on file. If not, there would be a signed note by the Head Teacher explaining the reason why they were not obtained.</p>
3.4	SHAW PRIMARY SCHOOL				Status Reported To Audit Committee	FINDINGS	
Ref	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible	[status / date reported]	Status	Comments / Implications / Recommendations
1	The Headteacher should review and sign the bank reconciliations prepared by the Bursar.	Low	Sept 10	Head/Bursar	17/2/11	1	For the current account, the Finance Manager checks the bank statement on a weekly basis, and reconciles each month. Bank reconciliation returns are sent to Thurrock Council every quarter. The quarterly reconciliations sent to Thurrock are signed by the Finance Manager and reviewed by the Head Teacher.

2	<p>Purchase orders should be signed as authorised in accordance with the limits set in the school's Financial regulations.</p> <p>As the school does not currently have a Finance Committee, the Governing Body should allocate their responsibilities for authorising orders. Currently, orders over £5,000 require a level of authorisation above that of the Headteacher.</p>	Medium	Oct 10	Head/ Bursar	17/2/11	1	<p>Internal Audit examined the School's Financial Regulations, which includes the limits for ordering procedures. Any order or service which is estimated to be between £5,000 and £30,000 must be subject to three or more written quotations. Internal Audit examined purchase orders raised during the current year. Three quotes or tenders were sought and obtained for all orders over £5,000. All orders were signed in accordance with approved limits.</p>
3	<p>1) The school's inventory list should be up to date and contain the following additional details:</p> <ul style="list-style-type: none"> ▪ purchase date, ▪ purchase price, ▪ date of last annual check, ▪ if applicable, disposal date, method and proceeds, if any. <p>It is up to the school whether to use the inventory register function of its bookkeeping system, or whether to keep the register in a different format, such as a spreadsheet.</p> <p>2) An annual inventory check should be carried out, whereby a printout of the current inventory list is checked against what is physically present, and any differences noted.</p> <p>The person carrying out the check should sign and date the inventory list used, which the Headteacher should then review and sign to confirm that all inventory had been accounted for.</p>	Medium	Mar 11	Head/ Bursar	17/2/11	1	<p>According to the Finance Manager at the school, the inventory register has just been updated by the IT Manager. Internal Audit was not able to see this latest document due to the absence of the IT Manager who currently is the only person with access to the document. Due to the accuracy of the previous inventory (updated following the last audit review), assumptions were made that the new document was in order.</p>

4	All overtime and additional duties claim forms should be reviewed and signed by the Headteacher before being sent to the Council for processing. All overtime and additional duties claim forms should be reviewed and signed by the Headteacher before being sent to the Council for processing.	Low	Sept 10	Head/ Bursar	17/2/11	1	Internal Audit examined the overtime and additional duties claims paid out to the school's staff in the last 3 months. Additional hours claim forms were completed and signed by the claimant. On a monthly basis, the Finance Manager transfers these figures to an additional hours/overtime claim form, gets them signed by the Head Teacher and sends to Thurrock Council's payroll department..
5	The tapes containing computer system backups should be locked away when not in use.	Low	Immediate	Bursar	17/2/11	1	Internal Audit established how backups of the electronic records are maintained at the school. Back-ups to tape are carried out on a daily basis and kept in the safe overnight.
3.5	GRAHAM JAMES PRIMARY SCHOOL				Status Reported To Audit Committee [status / date reported]	FINDINGS	
Ref	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible		Status	Comments / Implications / Recommendations
1	Purchase orders should be raised at the start, before an invoice is due; to ensure management information reports are up to date.	Low	31/3/09	Finance Officer	2/2/09	1	Internal Audit selected a sample of 20 invoices recently paid by the school and traced them to supporting documents in order to verify how they were ordered and authorised. A purchase order was present in all cases and had been signed in accordance with the Financial Regulations.
2	All cheque books should be kept in a locked safe.	Low	31/3/09	Head	2/2/09	1	Internal Audit verified that main account cheque books were held in the safe and the cheque books for the school fund account were held in a lockable filing cabinet in the Finance Manager's office. Access to the safe and filing cabinet was restricted to the Head Teacher, the Finance Manager and the Admin Officer.

3	The monthly reconciliations which currently take place should be periodically checked and countersigned by the head teacher.	Low	31/3/09	Head	2/2/09	1	All reconciliations are completed in a timely manner. They are completed by the Finance Manager and signed by the Head Teacher. Internal Audit examined the monthly reconciliations in the current financial year, and can confirm they were completed correctly and agreed to backing documents such as the Bank Statements.
4	All I.T. and portable equipment needs to be security tagged upon installation.	Low	31/3/09	Finance Officer	2/2/09	3	Internal Audit examined a random selection of IT equipment at the school. All equipment had been security marked with a special pen which requires a UV light to view. Equipment which has been marked is identified by a 'DNA' sticker supplied by the Police.
3.6	HERRINGHAM PRIMARY SCHOOL				Status Reported To Audit Committee	FINDINGS	
Ref	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible	[status / date reported]	Status	Comments / Implications / Recommendations
1	Arrange for the 2 remaining declaration of interest forms to be signed by the relevant Governors.	Low	June 11	Officer Manager	5/4/11	3	Any Governor or member of staff having direct or indirect involvement in a business, which is likely to have financial dealings with the school, must declare his or her interest. The opportunity to declare an interest is included in the agenda of all meetings. However, none of the Governors had signed a form since January 2011. One Governor and one member of staff had not completed one at all

2	The school will need to contact Thurrock Council to arrange for a petty cash write-off for the shortfall of £55.36. Petty cash claims must be made each month, and the account must be reconciled to the bank statement every month. This will ensure that if there are any discrepancies, it will be easier to investigate and correct them. Submissions to Thurrock Council must clearly show the split for the VAT element which will enable the Council to re-claim VAT on the schools behalf.	Medium	June 11	Officer Manager	5/4/11	3	<p>Internal Audit examined the petty cash account and was not able to reconcile it. The account had not been reconciled by the school for the last 7 months. It did not balance to the £500 imprest amount.</p> <p>The last bank statement closing balance was £353.08. The petty cash transaction listing shows an amount of £194.67 cash in hand. Internal Audit established that there is no petty cash in hand.</p> <p>The Business Manager admitted that cheques have been included in the reconciliation of the budget account instead of making petty cash submissions to the Council.</p> <p>In February 2012 the Bank Statement shows the account went overdrawn by £68. The account was overdrawn for 12 days.</p>
3	Purchase orders need to be raised in the first instance to ensure management information reports are up to date. In order to comply with their Fin Regs, the chair should be required to sign the order, in addition to the Head Teacher, when the amount is over £5,000.	Low	June 11	Head	5/4/11	3	Internal Audit selected a sample of 20 invoices and traced them to the supporting purchase orders, to verify how they were ordered and authorised. A purchase order was present in all cases and signed in accordance with the Financial Regulations. However, 7 out of the 20 purchase orders were raised after the invoice date.
4	The spread sheet for the ICT equipment should be dated and signed as being correct.	Low	June 11	Officer Manager	5/4/11	1	Internal Audit reviewed the inventory register currently in place at the school. The asset list which has just been updated by the IT Manager lists all the equipment. In addition to the IT inventory, there is an inventory listing all furniture and other items for each class room. These have been updated by the teachers within the last month.

5	All virements over £2,500 need to be signed by the chair of GB, in addition to the Head Teacher's signature.	Low	June 11	Head	5/4/11	1	Budget virements are approved in line with the limits defined in the Financial Regulations. Virements which have been signed by both the Head Teacher and Chair of Governors are filed. Those which are awaiting the Chair's signature are kept in a folder, until signed.
6	The Headteacher needs to review and revise the development plan to reflect the next 3 years and review and update annually on a rolling basis.	Low	June 11	Head	6/4/11	1	Internal Audit examined a copy of the latest School Development plan which was updated September 2012. The plan covers the school years from September 2011 to July 2014.
3.7	WOODSIDE PRIMARY SCHOOL				Status Reported To Audit Committee [status / date reported]	FINDINGS	
Ref	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible		Status	Comments / Implications / Recommendations
1	<p>The Financial Regulations which were approved in February 2008 requires some amendments to the following:</p> <p>a) Item 2.4 amend typing.</p> <p>b) Item 4.2 clarification required with the order amount authorisation.</p> <p>c) Item 4.14 the income and banking section should now include a statement regarding the cheques signatories for the budget, now the school has its own cheque book.</p> <p>d) Item 4.15 clarification required for the headings of Virements.</p> <p>This needs to be brought to the attention of Governors at their next meeting on 23rd Feb.</p>	Low	31/3/09	Head	22/4/09	1	Internal Audit obtained a copy of the school's Financial Regulations & Scheme of Delegation. They were dated January 2012 and were approved at the Governor's meeting of 12th January 2012. The Regulations were in line with the school processes with the exception that the school fund was closed 3 years ago and the section regarding the school fund had not been removed.

2	A random check of 20 orders showed that 13 (65%) were raised after the date of the invoice. However, order request forms are raised first and although are not committed on the system, are included when calculating available budgets for further spending. It is good practice to raise the orders in the early stages to ensure management information reports are kept up to date.	Low	31/3/09	Finance Officer	22/04/09	3	Internal Audit selected a sample of 20 invoices recently paid by the school and traced them to supporting documents in order to verify how they were ordered and authorised. 19 out of the 20 purchase orders were signed by the Head Teacher. In three cases the order required a signature from the Finance Committee, but this wasn't present. 16 out of the 20 purchases were raised after the date of the invoice.
3	The weekly Catering returns for the dinner money needs to be signed by the Head teacher to show they have been agreed and checked.	Low	31/03/09	Finance Officer	22/4/09	3	Internal Audit examined the processes in place for the collection of dinner money. There was no reconciliation to ensure the amount entered on the system agreed to the money received that day. The banking returns were signed by the Head Teacher.
3.8	BULPHAN PRIMARY SCHOOL				Status Reported To Audit Committee [status / date reported]	FINDINGS	
Ref	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible		Status	Comments / Implications / Recommendations
1	For each new employee, two references should be obtained and kept in the personnel file.	Low	31/3/09	Head	1/12/08	1	Internal Audit examined the personnel files of the five employees tested earlier. All files contained a contract of employment and a letter of appointment. For the appropriate staff, Internal Audit found evidence of qualifications. Two references were on file for those employees who had started within the last 5 years. It is the school's policy to obtain CRB clearance for all members of staff. All staff had such clearance.

2	Petty cash reimbursements should be submitted monthly or when the imprest level reaches 50%, whichever is sooner.	Low	31/3/09	Finance Officer	1/12/08	3	Internal Audit examined the petty cash account for the last 2 months. All claims were limited to minor amounts and approved before any expenditure was incurred. Petty Cash reimbursement claims had not been made in accordance with the school's Financial Regulations i.e. either every month or when the amount reaches 50% of the imprest level, whichever is the sooner.
3	Bank statements are signed by the Office Manager, but should also be signed by the Head to show independent checking is carried out.	Low	31/3/09	Head	1/12/08	1	Internal Audit verified that this is a Central Payment school. Reconciliations are submitted to the Council each month by the Office Manager and signed by the Head Teacher. Minutes of Governors meeting of 13th November 2012 confirmed that the school will become an external bank school on 1st April 2013. The school had two bank accounts under its control, one for petty cash and the other for the school fund. They were reconciled each month by the Office Manager and signed by the Head Teacher.
3.9	PAYROLL (INCLUDING HR)				Status Reported To Audit Committee [status / date reported]	FINDINGS	
Ref	Original Recommendation	Original Category	Original Impl'n Date	Manager Responsible		Status	Comments / Implications / Recommendations
1	Managers should be chased to return a signed Pre-Interview Requirement Form and reminded that they must obtain evidence of qualifications, especially if these are an essential requirement of the post. This reduces the risk of someone being appointed to a post based on a false statement of their educational achievements.	Medium	30/9/12	HR Transactional Services Manager	19/7/12	1	All new employees were required to provide sufficient identification documentation. Educational qualifications were checked when they were an essential requirement of the job specification.

2	Departments should be reminded that leavers' forms must be submitted in advance of the leaver's termination date as overpayments can be difficult to recover.	Medium	30/9/12	HR Operations Manager and Payroll Manager	19/7/12	1	Sufficient checks were carried out when an employee leaves the organisation.
3	HR should ensure that staff on probation do not receive a progression increment in April. Actioning increments when they are not due places additional pressure on staffing budgets. It could also cause problems if the services of the employee were terminated after their probation period as the awarding of an increment suggests an adequate level of performance has been achieved.	High	31/3/13	Payroll Manager	19/7/12	1	As a result of an error in the setting up of the probation report to run from November 2011 to April 2012, instead of October 2011 to March 2012, one employee still received an incremental rise. However, this was rectified by the Payroll Manager and this problem will no longer occur.
4	Directors and Heads of Service should ensure that their Managers do not sign any additional hours claim forms without checking. As this is part of their basic management role, this should be linked to their Performance Review process and failure to comply should be seen as a failure to achieve the required standard. Wherever possible previous claims relating to those highlighted during the audit should be reviewed and the overpayments recovered.	High	31/7/11	Payroll Managers	19/7/12	1	<p>Testing was carried out on a sample of 20 additional hours' claims. All claims were found to be signed by the employee and authorised by the Manager and/or Head of Service.</p> <p>One claim was found to be incorrect as 2 hours were claimed at time and a half when it should have been at single time. However, Payroll now performs more checks on claims and four of the timesheets in the sample had already been corrected after they had been signed off by a manager. It was noted that when self-service is introduced, Payroll will no longer check paper copies of claims as these will be authorised by Managers on line. Therefore, there will be even more of a need for managers to ensure the additional hours were agreed prior to them being carried out and the claim accurately reflects the hours worked.</p>

5	<p>More care should be exercised in preparing business cases and identifying the cost implications of redundancy and compromise agreements.</p> <p>The Council's Recruitment Policy requires that any member of staff involved in the selection of staff should satisfy themselves that they are appropriately trained and can comply with the requirements of the Policy. The recruitment licence should need to be renewed by attending a recruitment update every three years.</p> <p>The reason why Pay in Lieu of Notice is granted should be clearly documented and it should only be agreed in exceptional circumstances.</p> <p>The Council should consider recovering the overpayment of Pay in Lieu of Notice from the former senior member of staff.</p>	High	31/7/11	HR Transactional Services Manager and Payroll Manager	19/7/12	1	<p>Following on from last year's testing, a further 26 employees were identified who had received redundancy/ compromise payments. The total cost of these payments was £1,032,183, which was made up of the following:</p> <ul style="list-style-type: none"> • Redundancy payments to 16 staff - £305,945; • Compromise Agreements paid to 8 staff - £305,289; • Only Pay In Lieu of Notice paid to 2 staff - £2,218; • Pay In Lieu of Notice paid to 5 staff who also received redundancy - £12,889; and • Pay in Lieu of Notice paid to 2 staff who also received compromise agreements - £10156. • A further £395,686 to Essex County Council to cover the costs of the early retirement financial strain on the Pension Fund. <p>A sample of 15 of the 26 redundancy and compromise payments were reviewed. The majority of these payments appear to have arisen as a result of restructures of various departments. The following was found:</p> <ul style="list-style-type: none"> • All payments were appropriately authorised. • Formally signed off business cases were found for all employees sampled. <p>9 out of the 26 employees (35%) received Pay In Lieu of Notice (PILON). It was noted that the awarding of "pay in lieu of notice only in exceptional circumstances" no longer appears in the latest Termination of Employment Policy (20 February 2012).</p>
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6	<p>The Head of Learning & Universal Outcomes should ensure that future cases of professional incompetence are referred to the General Teaching Council.</p> <p>Although some schools have a different HR provider, the Head of Learning and Universal Outcomes should pick up these issues when they are referred to the Authority for formal authorisation. HR advice should be sought if required.</p>	High	On-going	Head of Learning & Universal Outcomes	19/7/12	1	HR providers have been reminded of the need to inform the Head of Learning & Universal Outcomes where cases of professional incompetence arise. There are currently no cases.
7	<p>Annual Audit/Increment lists should be checked and approved by a Senior member of HR prior to passing them to Payroll for payment. This should minimise the risk that increments are awarded to staff who are not meeting their agreed targets.</p>	High	31/7/11	HR Transactional Services Manager	19/7/12	1	During April 2012, the HR Transactional Services Manager performed a manual check on every increment given on the annual increment forms against the entries put onto the tracker and was able to confirm that no mistakes were found.

APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing recommendations.

This opinion relates solely to the implementation of those recommendations followed up and not does not reflect an opinion on the entire control environment.

Progress in implementing recommendations	Overall number of recommendations fully implemented	Consideration of high recommendations	Consideration of medium recommendations	Consideration of low recommendations
Good	75% +	None outstanding	None outstanding	All low recommendations outstanding are in the process of being implemented
Adequate	51 – 75%	None outstanding	75% of medium recommendations made are in the process of being implemented	75% of low recommendations made are in the process of being implemented
Little	30 – 50%	All high recommendations outstanding are in the process of being implemented	50% of medium recommendations made are in the process of being implemented	50% of low recommendations made are in the process of being implemented
Poor	< 30%	Unsatisfactory progress has been made to implement high recommendations	Unsatisfactory progress has been made to implement medium recommendations	Unsatisfactory progress has been made to implement low recommendations.

APPENDIX B: DATA TO SUPPORT OUR OPINION

IMPLEMENTATION STATUS BY REVIEW

Review	Total No. of recs agreed.	Status of Recommendation					Audit work confirmed as completed or no longer necessary (1)+(4)	No of recs carried forward for follow up at next review (2)+(3)+(5)
		Recs. not due for implementation (5)	Implemented (1)	Implementation Ongoing (2)	Not Implemented (3)	Superseded (4)		
Somers Heath Primary School	4	0	2	0	2	0	2	2
Stifford Primary School	1	0	1	0	0	0	1	0
Abbots Hall Primary School	7	0	6	0	1	0	6	1
Shaw Primary School	5	0	5	0	0	0	5	0
Graham James Primary School	4	0	4	0	0	0	4	0
Herringham Primary School	6	0	3	0	3	0	3	3
Woodside Primary School	3	0	1	0	2	0	1	2
Bulphan Primary School	3	0	2	0	1	0	2	1

Review	Total No. of recs agreed.	Status of Recommendation					Audit work confirmed as completed or no longer necessary (1)+(4)	No of recs carried forward for follow up at next review (2)+(3)+(5)
		Recs. not due for implementation (5)	Implemented (1)	Implementation Ongoing (2)	Not Implemented (3)	Superseded (4)		
		Payroll (including HR)	7	0	7	0		
Total	40	0	31	0	9	0	31	9
	100%	0%	77%	0%	23%	0%	77%	23%

IMPLEMENTATION STATUS OF RECOMMENDATIONS BY CATEGORY

Recommendation Category	Total number of recs agreed.	Audit Status					Audit work confirmed as completed (1)+(4)	No of recs carried forward to next review (2)+(3)+(5)
		Recs. not due for implementation (5)	Implemented (1)	Being Implemented (2)	Not Implemented (3)	Superseded (4)		
High	5	0	5	0	0	0	5	0
Medium	6	0	4	0	2	0	4	2
Low	29	0	22	0	7	0	22	7
Totals	40	0	31	0	9	0	31	9
	100%	0%	77%	0%	23%	0%	77%	23%