

Internal Audit

Schools Committee Summaries



School's Committee Summaries


Context

As part of Lancashire County Council's 2022/23 internal audit plan, the Internal Audit Service Audited 15 schools across the county to obtain assurance over the design and operation of asset management controls. This report summarises the key findings for ten schools in which the audits have been fully completed. The results for the other five schools have already been reported to this committee at the January 2023 meeting.

Scope of Audit

In these audits we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Policies and procedures.
- Asset registers.
- Disposal of assets.
- Insurance and security.

Penwortham Girls High School				
Overall assurance rating	Audit findings requiring action			
 Substantial	Extreme	High	Medium	Low
	0	0	1	0
<p>Roles and responsibilities relating to asset management were defined in the school's asset management policy which was approved by the Governing Board. Separate procedural guidance was held and outlined processes for maintaining the asset register, performing checks to verify accuracy and for disposal of assets.</p> <p>The school's Premises Manager was responsible for the maintenance of the asset register, and whilst monthly spot checks were undertaken by the School Business Manager, an annual check was not carried out. The register contained sufficient information to identify assets, recording item type, location, condition and purchasing value. We confirmed that assets were accurately recorded on the register. Obsolete assets were recorded and prior approval for their disposal was obtained from the Governing Board on a termly basis.</p>				

School's Committee Summaries

Breck Primary School

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	1	1

Roles and responsibilities relating to asset management were defined in the school's asset management policy which was approved by the Governing Board. Separate procedural guidance is not held, as the policy is relied on to provide guidance on the procedural tasks involved, but a short note of key tasks, how they are carried out, how often and by whom would support compliance with the policy in the event of unforeseen absence.

The school's Business Manager was responsible for the maintenance of the asset register, which contained sufficient information to identify assets, recording item type, location, condition and purchasing value. We confirmed that assets were accurately recorded on the register. An annual check on the asset register was not carried out. Obsolete assets were recorded and prior approval for their disposal was obtained from the Headteacher, but not the Governing Board.

School's Committee Summaries

Whitworth Community High School

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	2

The school policy is based on the council model policy, adequately defines key controls and is reviewed and approved by the governing board annually. The policy could be improved by including more detail on the school's procedures, such as identifying the roles and responsibility for maintaining the asset register and disposing of assets and setting a value threshold for assets to be recorded on the register. The separation of duties arrangements in practice were sufficient, this improvement is simply to ensure the policy reflects practice. The asset register is complete and annual asset register checks are undertaken and approved by the Headteacher. We confirmed all assets were either accounted for on site or signed out by a member of staff. The register includes unique references for some assets, specifically IT equipment, although this is lacking for other assets. The school should consider creating a unique reference and labelling or marking all assets, so they are individually identifiable.

Assets identified for disposal or sale are approved by the Headteacher and subsequently reported to the governing board. The school uses a recycling company to dispose of assets, with a secure storage bin on site for collection. This company is responsible for clearing data and resetting devices to ensure data is not inappropriately accessed. The sale of assets is handled appropriately according to the expected process provided by Schools Financial Services. The school has an insurance policy with the county council and appropriate physical security arrangements on site to protect assets.

School's Committee Summaries

St Joseph's Catholic Primary School

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	2

The school asset management policy adequately defines key tasks and roles and responsibilities, with a value threshold and definition of assets to be recorded and was approved by the Finance & Premises Committee in March 2022. The school has sufficient separation of duties arrangements between responsibility for maintaining the register, for disposing of assets and for carrying out annual asset checks to ensure the register accurately records assets held and to identify any that are missing or damaged.

The asset register includes all key information expected, such as unique references, and assets are labelled or named with corresponding reference. All assets were on site, and we were satisfied that the register is accurate and complete. The school does not require staff to formally sign for assets in their care and should consider obtaining and retaining a formal acceptance of responsibility for the asset from staff or parents, either on an email or in writing. The annual asset register check was taking place at the time of our audit, as the school was in the process of reallocating a substantial number of devices. We were told this will be completed and the result reported to the headteacher.

We were unable to confirm that approval for disposals was obtained and approval by Headteacher or Governing Board (as required) should be recorded and retained. Asset disposals were evidenced by invoices from the disposal service provider. The school does not currently sell assets, although the policy covers this if practice changes in future. The school has a current insurance policy and appropriate physical security arrangements on site to protect assets.

School's Committee Summaries

Wellfield Methodist and Anglican Church School

Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	3

The school finance manual sufficiently covered key asset management controls, with roles and responsibilities defined and consideration given to separation of duties between maintaining the asset register, approval of disposal and annual asset register checks. The definition of an asset was generic and adding a value threshold may help identify assets for inclusion in the register. The school should consider adapting and implementing the model policy or use it to expand the coverage of the current guidance. Any new or revised policy should be considered for approval by the Governing Board initially and reviewed by the Board annually.

In the main we confirmed that the asset register was a complete and accurate record of school assets. All assets for disposal were approved by the Headteacher. Despite the lack of unique asset references it was possible to identify items by serial number or if the asset was unique in the school or classroom. The school should consider adding a unique reference for each asset to the register and to the assets. This would help identify specific assets if there is no serial number or this is difficult to access.

A section of the register is for assets on loan, and we were told that while parents are asked to formally accept responsibility for the asset, staff are not. The school should consider similarly asking staff to formally accept responsibility for the asset, in the event of loss or damage. The school does not sell assets and has an insurance policy with the Diocese and appropriate physical security arrangements on site to protect assets.

School's Committee Summaries

Hyndburn Park Primary School

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	1	0

There is no formal policy for asset management and disposal in place. Whilst this has impacted our testing, as many of the controls refer to the policy to define responsible officers, procedures and separation of duties arrangements, we have taken some positive assurance from the asset management activity that is in place.

The School should consider adopting Lancashire County Council's model asset management policy and adapt it to their own needs. This should include roles and responsibilities for key tasks, a definition of recordable assets such as a financial value, separation of duties for maintaining the register and disposing of assets, and disposal and sale of assets. The policy should be submitted to the Governing Board for consideration and approval, and reviewed and re-approved annually.

One staff member maintains an asset register of IT equipment and we confirmed all assets were accounted for either on site or loaned out with supporting documentation. Assets on the register are given unique identifiers which correspond to labels on assets. One item was not labelled although we identified it by the serial number. The same staff member assesses assets for disposal but there is no formal approval of the decisions made. We acknowledge disposal of assets are reported to the Governing Board retrospectively and electronic devices are cleansed of data prior to disposal to ensure sensitive and confidential data cannot be accessed inappropriately. The school has an insurance policy with the county council and has appropriate physical security arrangements on site to protect assets.

School's Committee Summaries

Christ Church Primary School

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	3	0

At the time of our audit visit, the school did not hold an asset management policy and as such had no defined roles and responsibilities that had been approved by the Full Governing Board. Separate procedural guidance is not held, but a short note of key tasks, how they are carried out, how often and by whom would support compliance with the policy in the event of unforeseen absence. The school's asset register was created in October 2022 and identifies assets by item type, location, value and condition.

We confirmed that the location and condition of assets were as recorded in the register. Whilst the school has not undertaken checks previously, annual checks will be carried out by a member of staff that is not involved in the day-to-day maintenance of the asset register from 2023 onwards. Obsolete assets are recorded on the register and approved by the head but are not yet submitted to governors for approval of disposal or sale.

School's Committee Summaries

Walverden Primary School

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	1	2

The school uses the model policy which is reviewed and approved by the governing board annually. The policy could be improved by including more detail on the school's actual procedures, such as identifying the roles responsible for maintaining the asset register and disposing of assets, an accurate definition of assets to be included on the register and setting a value threshold. There is limited separation of duties in place, with one staff member responsible for maintaining the register, disposing of assets and confirming accuracy. This should be addressed and reflected in policy.

The asset register records IT equipment with appropriate information and we confirmed all assets were accounted for. The register includes unique references although assets are mostly not marked or labelled. The school should consider attaching this reference to assets, particularly on items that are not uniquely identifiable otherwise. The same staff member assesses assets for disposal but there is no formal approval of the decisions made. It is notable that the school does not usually dispose of assets, and instead dismantles them to repair other assets. The school does not sell assets and has an insurance policy with the county council and appropriate physical security arrangements on site to protect assets.

School's Committee Summaries

Ss John Fisher and Thomas More RC High School

Overall assurance rating



Moderate

Audit findings requiring action

Extreme	High	Medium	Low
0	0	1	4

The school asset management and disposal policy sufficiently cover all key areas expected although was recently introduced, in response to this review. During testing, we noted areas where the policy did not match actual practices, such as the definition of an asset to be included on the register. We acknowledge that this is a work in progress and have raised a number of low-risk actions to support improvement.

One staff member maintains the asset register of IT equipment and we confirmed all assets were accounted for either on site or loaned out with supporting documentation. Most assets on the register are not given unique identifiers although it is possible to identify items by using the serial number or sequential numbering for tablets stored in trolleys. The school should consider using unique identifiers on the register and labelling assets, particularly if there is no serial number or this is difficult to access. The same staff member assesses assets for disposal and removes the asset from the register but we were unable to confirm this as it was not possible to sample disposals. We were told a separate sheet will be maintained that records disposals and decisions in future, which will be formally approved by the Head teacher or Governing Board. Annual checks of the location and condition of recorded assets are not currently conducted and we were told these will also be introduced. The school has a current insurance policy and appropriate physical security arrangements on site to protect assets.

School's Committee Summaries

Water Primary School

Overall assurance rating



Limited

Audit findings requiring action

Extreme	High	Medium	Low
0	0	2	2

There was no formal asset management policy in place, therefore we have provided the school with the council's model policy on which the school can base their own policy, which should be reviewed and approved by the Governing Board. An asset register was maintained by Blue Orange, the IT service provider, but this only recorded IT equipment and we considered that other non-IT assets of value to the school should be recorded and monitored in the same way. We were unable to confirm that all assets recorded on the IT register were held on site, although most assets were, and some were inadequately described. In order to ensure all assets of value are managed effectively a non-IT asset register should be maintained by school staff, with oversight by senior management and the Governing Board.

Both asset registers should adequately record asset details, their location and allocate a unique reference, which should also be marked or labelled on assets. The register should also include the names of staff with personally allocated assets, such as laptops, that may be moved or taken home. Assets to be taken off-site should be supported by emails or signed forms transferring liability for the asset to the individual. Annual asset register checks are not undertaken and should be implemented once a new register is created to ensure the register accurately records assets held and to identify any that are missing or damaged.

Asset disposals should be recorded on both registers, and approved by senior management and the Governing Board, depending on value, prior to disposal. The school has a current insurance policy and appropriate physical security arrangements on site to protect assets.