

Derbyshire Audit Services

AuditMatters

Circulation List	
Head Teacher	
Governors	
Finance Staff	

Welcome to the summer edition of the Derbyshire Audit Services' newsletter for schools. To ensure that all parties are aware of the audit matters affecting Derbyshire schools please ensure that this newsletter is made available to the Chair of the Governing Body, Chair of the Finance Committee, Head Teacher, and Bursar/Finance Manager.

SCHOOLS FINANCIAL VALUE STANDARD (SFVS)

The Covid-19 virus brought significant challenges to Derbyshire schools imposed by the lockdown in March 2020.

Audit Services wish to sincerely thank those schools who had followed Audit's recommendation, to ensure FGB meetings were scheduled annually for January/February for the final SFVS approval, and submitted their SFVS return before the 31 March 2020 deadline.

Schools who have completed the Checklist and Dashboard, but are yet to approve the SFVS for 2019-20, are still requested to submit the unapproved SFVS to Audit Services.

For those schools who are yet to complete the SFVS for 2019-20, Governors and Head Teachers have been informed that this return is no longer compulsory. However, the SFVS is an important Governance tool and the value of its output should be considered before schools decide whether or not to complete the return for 2019-20.

SFVS assessment form:

<https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs>

(See page 7 for SFVS expanding boxes guide)

Please Note: The Audit Services Team is currently working from home, please do not telephone the usual office number. Contact may be made via email or Skype for Business.



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Remote School Audit Reviews

During these difficult times and the need to observe social distancing measures, Audit Services have been working on revisions to the Schools' Audit Program.

As part of the changes it will now be possible, in the short-term, to deliver a number of reviews remotely using technology such as Microsoft Skype or Teams.

The changes made, including enhanced use of data analytics, will allow Audit staff to specifically target exceptions within a school's financial management and governance arrangements. This will be in addition to assessing the more traditional areas as featured in previous reviews.

Whilst the details of the remote Audit reviews are still being finalized, the new procedure will involve the following key steps:-

- Completion of an electronic questionnaire in advance of the Audit and provision of additional electronic information prior to the review;
- Availability of the Head Teacher and School Business Officer on the day of the scheduled Audit to answer queries and hold the feedback/exit meeting, via telephone and/or Skype on conclusion of the audit;
- The Audit Memorandum will be issued using the normal channels i.e. Perspective Lite.

We fully appreciate the pressures that schools are currently under and the need to manage numerous competing demands. We are therefore hopeful that in overall terms the new approach will involve slightly less disruption to the school day and staff time.

If you would like to take part in the early pilot of the new Remote School Audit Review, which is likely to start for the majority of schools towards the end of September/early October, please contact Jayne.wallhead@derbyshire.gov.uk or Suzanne.kiernan@derbyshire.gov.uk for more details and to schedule a mutually convenient date for a remote Audit review.

We have a small number of dates available prior to September 2020 should you be able to accommodate the Audit review during the summer period.

Annex 1

The Full Governing Body are responsible for the financial management of the School including the approval of the School Budget, and therefore the Annex 1 should be signed by the Chair of Governors.

Whilst our guidance may appear to contradict the **Derbyshire Scheme for Financing Schools** the **Schools Financial Value Standard** (SFVS) guidance states "Governing bodies are responsible for setting their school's annual budget. Most schools have a finance committee, the governing body delegates some financial responsibilities to them and they report to the full governing body."





Personnel Files

Listed below is the required content Audit Services expect to be retained within employees' personnel files. In relation to the DBS Certificate, under the Keeping Children Safe in Education Guidance, new starters should produce their certificate at the school and the DBS certificate number and date should then be recorded on the School's Single Central Record.

Despite the Schools' Retention Policy stating that copies of DBS certificates should be retained for six months, schools are no longer advised to retain a copy of the DBS certificate on the employee's personnel file.

Where Personnel files are held electronically with supporting information scanned by the School, there should be an approved procedure to ensure document standards, quality and security controls are maintained. In the event of a dispute e.g. employment tribunal case, it is important that the authenticity of the documents can be evidenced by the school.

Personnel file content requirements

- ✓ **Job Description**
- ✓ **Person Specification**
- ✓ **Completed Application Form**
- ✓ **Interview notes** - for successful candidate (unsuccessful applicants to be retained for 12 months).
- ✓ **Two references** - which either have a 'wet' signature or, if received electronically, have been annotated, signed and dated to confirm that the authenticity of the reference has been checked.
- ✓ **Copy qualification documents** - which have been annotated, signed and dated to confirm that they are an accurate representation of the original documents viewed.
- ✓ **Copy right to work in the UK documents** - which have been annotated, signed and dated to confirm that they are an accurate representation of the original documents viewed.
- ✓ **Copy identification documents** - which have been annotated, signed and dated to confirm that they are an accurate representation of the original documents viewed.
- ✓ **Contract of employment**
- ✓ **Induction Checklist** – which has been signed and dated by the employee and their line manager.
- ✓ **Any variations to contract**
- ✓ **Training certificates**
- ✓ **Sickness documentation** – including Self Certification of Absence forms, fit notes. Return to Work Discussion Forms and any associated correspondence (although this information could be held separately if the School wishes).

Childcare Vouchers – refund enquiries

Schools must not refund parents directly for monies collected from voucher payments. Vouchers are purchased by parents via a salary sacrifice scheme, meaning that parents benefit from the tax advantage of having the payment deducted at source before tax.

Schools are advised to contact the Voucher Companies to discuss with them their procedure for refunds. However the Authority expects the Voucher Companies to provide employers with refunds, to be paid via the employee's salary and re-charged to the School.

Please be aware that income collected into school imprest accounts must be banked and accounted for on SAP on a weekly basis, therefore any payment made to the Voucher Company will be made via Summary of Accounts from school budgets.

Potential Duplicate Payments

During the Covid-19 lockdown, Audit Services have undertaken a more detailed review of potential duplicate payments made by Schools using the SAP finance system. The review covered a two-year period between 1 April 2018 and 31 March 2020. Duplicate payments can be the result of a variety of issues including, but not limited to, human error on data entry. Over 174,000 invoices were reviewed with a value in excess of £106m, from these £16,943.59 of potential duplicate payments were identified. A summary of the factors involved in the payment included:

- In the majority of instances, payments had been initially paid to the wrong vendor and then again to the correct vendor;
- A number of instances were identified whereby the same invoice was paid to the correct vendor twice;
- One instance was identified where a payment had been made against an order and then a second payment made against an invoice;
- One instance was identified where a payment had been made against a Service Agreement and then a second payment made against an invoice.

Whilst the Audit identified a small percentage of potential duplicate payments, it is important that school staff remain alert to possible duplicate invoices being processed. Audit will be contacting the affected schools over the coming weeks to further investigate the invoices.

ParentPay reports

ParentPay has a number of built in reports which should be run at the same frequency as existing paper reporting. Audit recommend weekly but, depending on banking arrangements and the value of the income, monthly may be more appropriate.

School meals, income and banking are recorded within the ParentPay system and reconciliation reports should be independently checked and evidenced. Schools should ensure that a full reconciliation is undertaken which confirms money received via ParentPay agrees to the number of meals taken and expected income.

The reports must be checked by a member of staff independent of the day to day running of the School dinner process, and the checking evidenced by the signing and dating of hard copy (paper) reports. The Authority is considering electronic options, although this has not yet been finalized.

Governors' Minutes - Head Teacher's Salary

Any variations to the Head Teacher's pay must be recorded, including the actual salary point, in the **EXEMPT SECTION** of the Governing Body minutes.

EXEMPT MINUTES ARE NOT FOR GENERAL PUBLICATION.

Should a Freedom of Information request be received to disclose the Head Teacher's salary, disclosure of the salary range and not the exact salary point is sufficient.

Source: Derbyshire County Council, Legal Services



NHS Test and Trace scam:

The Citizens Advice Bureau has warned users not to fall for a new scam campaign that sends fake messages, purportedly from the UK Government. These messages come in the form of calls, text messages or emails and relate to the new NHS Test and Trace Service. Citizens Advice Bureau has reportedly received thousands of reports of this nature. Companies who have fallen victim to this scam have been subject to the theft of customer data including personal information and payment details.

In the majority of cases, the fake emails refer to the service as ‘track and trace’ and advises the recipient that they have been exposed to someone who has tested positive for coronavirus. They are instructed to click a link to find out who that person is and warned that if they fail to do so within 24 hours, legal action may be taken (and benefits suspended). The email address used is alert@nhs-trackandtrace233-gov.com.

Fraudsters may also try to exploit the government’s new track and trace system by spoofing the telephone number of contact tracers and use this to persuade individuals to provide personal / financial details. It is important to be vigilant to these threats and remember that NHS contact tracers will never ask you to dial a premium rate number to speak to them, make any sort of payment, provide financial details, disclose personal or medical information for yourself or anyone else or download software to your computer.

Cyber Security Myths

A lack of information and inaccurate assumptions are the main causes of security myths. Myths need to be dispelled or there is a risk that we become complacent about security and fail to anticipate cyber-attacks. Let’s consider some of the most common myths.....

- ***‘There is nothing on my computer system that is of interest to an attacker’*** – this isn’t true, your computer can be turned into a file / web server to host illicit / illegal content, harvested as a source of email addresses which can be used for phishing attacks or used to commit identity fraud;
- ***‘Cloud computing transfers the data security risk to the cloud provider’*** – also not true, there is no transfer of liability. If a school uses cloud services and suffers a data breach, then under GDPR, it is the school and not the cloud vendor who are deemed responsible;
- ***‘Cloud computing offers a secure IT environment’*** – whilst this might be true, it should not be assumed that the cloud service is inherently secure. Schools should therefore satisfy themselves that any school data held in a cloud storage environment is held securely and will be protected from data leakage and compromise;
- ***‘Anti-virus is the most important method of preventing a cyber-attack’*** – whilst anti-virus software is important, it is just one part of a defence system that should include network segregation and strong account authentication;
- ***‘I’d know straight away if my school was compromised’*** – this is not generally true with an adversary spending an average of six months within a network, before detection.

How to create a strong memorable password

Use three random words with numbers, symbols and capital letters added e.g. 3RedHouseMonkeys27!
(Please do not use this example password).

Social media accounts can give away vital clues about you, so don’t use words such as your child’s name or football team. Cyber criminals are smart and know the simple substitutions we use such as “Pa55word!” or “P@ssw0rd1”.

School employee should also AVOID the following:

- Sharing your password with other people;
- Using the same password on multiple platforms.

Source: Jodie Nevin, Cyber Protect Officer, Cyber Crime Unit, Derbyshire Constabulary

The Internet of Things (IoT)

The Internet of Things (IoT) describes all those devices that connect to the internet and to each other on a home or business network. It is estimated that there will be as many as 75 billion connected IoT devices by 2025 - smart TVs, refrigerators, baby monitors, security cameras, printers, thermostats, lights, vending machines and locks etc. Whilst these can be hugely beneficial to everyday life, they also represent opportunities for cyber criminals to exploit them.

There have been claims of hackers seizing control of baby monitors and children's toys to spy on families; thermostats used to determine whether anyone is at home and even hackable pacemakers and insulin pumps. It's not just individuals and home users who are at risk. A brick-and-mortar jewellery store was taken offline recently when 25,000 compromised security cameras were used to bombard its network with spurious traffic.

Why are devices vulnerable?

Security has not always been a top priority for some IoT manufacturers. This is partly because of cost or technical implications. However, even the most carefully considered device can fall foul to the considerable imagination and technical skills of the modern day hacker.

How can IoT devices be secured?

Your Internet Service Provider can provide documentation demonstrating how to change the settings of your router or hub. The hub is the device that gives a home access to the internet and connects IoT devices. It is the principal gateway and should be fortified by:

- Renaming it: This might stop criminals identifying the make or model of the hub, which can be used to attack it;
- Set up WPA2 personal: This will keep a network secure by encrypting communication between devices;
- Set up a guest network: This will allow visitors to have internet access without encroaching on personal or business related devices and data;
- Changing default usernames and passwords: These are known or easily researched by attackers. Consider using three random words, separated with a symbol or upper case letters.

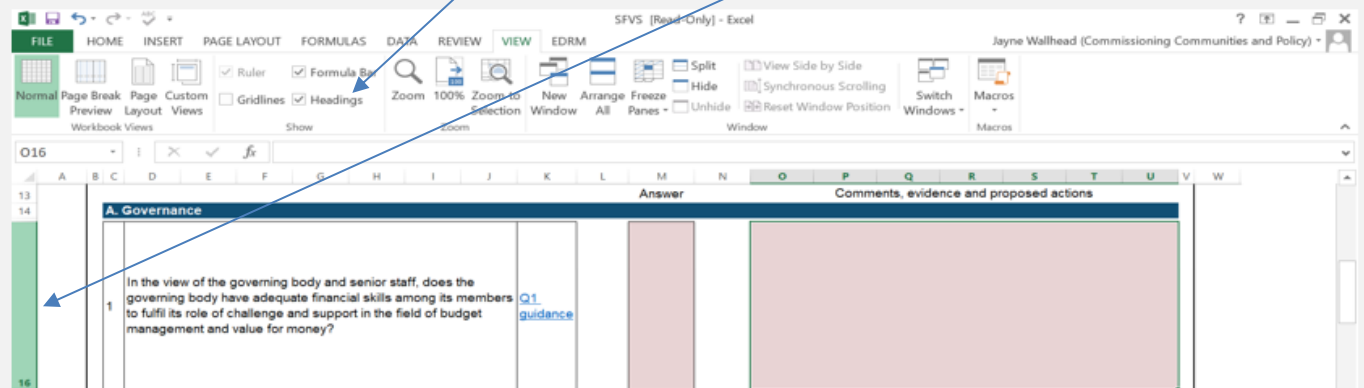
It is not just the hub that should be secured:

- Change IoT default passwords where possible to increase security;
- Check the security settings if possible as this will minimize the loss of personal data;
- Disable features you may not need: The more features used, the greater the attack surface and the more vulnerable the device is;
- Keep software up to date: Updates fix security weaknesses. This includes updating things like the mobile phone which is used to manage these devices as well as the devices themselves. If a device cannot be updated, consider placing it and similar devices, on a separate part of the network;
- Use 2FA: Two factor authentication, such as a one-time code sent to your mobile can keep the bad guys out. If a smart-device app offers 2FA, use it;
- Do not use public Wi-Fi: Public Wi-Fi, such as that found in coffee shops, restaurants and hotels, are unknown and untrusted networks;
- If purchasing new IoT devices: Check the vendor takes security and privacy seriously.

SFVS Expanding Boxes

A number of schools have reported that when completing the SFVS 2019-20 submission form, the “**Comments, evidence and proposed actions**” box expands whilst typing, however when complete the box collapses back to its original size, resulting in the inability to view or print the comments in full.

Via the ‘View’ toolbar in excel select the ‘**Headings**’ box to display the row height, this may be expanded to display the full text. Schools should not need to unprotect the sheet to do this and all text should then be visible when viewed and printed.



Clerk to Governors

The Department for Education Clerking Competency Framework (2017) provides guidance on the important and essential role played by clerks in supporting the Governing Body and ensuring robust governance procedures are in place at all schools. The framework states:

All academy trusts and maintained schools must appoint a clerk to their governing board as set out in their articles of association or in regulations, as appropriate. These legal documents define a specific set of functions and duties for the clerk, but do not provide a full description of professional clerking which is about ensuring the efficient functioning of the board by providing:

- administrative and organisational support;
- guidance to ensure that the board works in compliance with the appropriate legal and regulatory framework, and understands the potential consequences for noncompliance;
- advice on procedural matters relating to the operation of the board.

Professional clerks to governing boards should carry out their duties in accordance with the seven principles of public life (Nolan principles). They should also be mindful of their responsibilities under equality legislation, recognising and encouraging diversity and inclusion, and should understand the impact of effective governance on the quality of education and on outcomes for all children and young people.

Clerk appointment

Whilst written evidence to the House of Commons Education Committee (2013-14) from the National Co-ordinator of Governor Services stated that a clerk "needs to be independent of the school and not a member of the school staff", current guidance does not fully reflect this including The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013 which state the governing body must ensure that the clerk is not either a governor or head teacher of the school. Whilst an independent clerk is able to fulfil elements of the role easier than a member of school staff, due to their demonstrable independence from day to day operations, it is possible with the correct support and guidelines for a school employee to undertake the role.

As part of the Remote School Audit Review process the role, appointment and payment of the Clerk to Governors will be examined.

Reclaiming VAT from Imprest Debit Card Purchases

It has been brought to our attention that schools may not be reclaiming the VAT on purchases made using the Imprest debit card and are consequently incurring unnecessary costs.

This may seem an insignificant amount when dealing with a single, small purchase but, when considered across all debit card purchases and across all DCC schools, this can soon mount up.

For many Council establishments the reclaim process is completed automatically through the electronic Imprest system, however we are aware this system is not operational within schools.

To ensure all schools are equipped with the knowledge of how to reclaim VAT when using Imprest debit cards, we have compiled a brief overview of the manual VAT reclaim process:

Schools will firstly need to request a copy of a **School VAT Reclaim Request** form by emailing VAT.Enquiries@derbyshire.gov.uk.

The School VAT Reclaim Request requires the following information:

- School name and address;
- Contact details;
- School Cost Centre;
- Type of refund (Imprest);
- Supporting VAT receipts and invoices will need to accompany the request.

Guidance regarding what constitutes a valid VAT receipt or invoice is detailed on the Reclaim Request itself.

Technical Accountancy will then check through the supporting documents to ensure validity, and will calculate the total VAT amount eligible for reclaim.

A journal will be completed by Technical Accountancy to credit the school's Cost Centre using GL 140210 with the VAT amount available for reclaim.

- Reclaims should not be submitted more frequently than termly;
- Reclaims may only be made if the reclaimable amount of VAT exceeds £100;
- The period covered by the claim should not exceed 12 months.

Any outstanding claims for VAT, exceeding £100, which go back more than 12 months should be submitted as soon as possible to VAT.Enquiries@derbyshire.gov.uk and future claims should then follow the guidance above.

Schools are reminded that they should use the normal methods of procurement where possible to correctly account for VAT without manual intervention.

Imprest should only be used for low value expenditure or in an emergency where goods or services are required immediately.

Useful information: [Debit Card Policy](#) [Low value invoices through imprest account](#)

[Financial Regulations & Procedures Roles and Responsibilities](#)

Source: Derbyshire schools.net

Payments to Suppliers – COVID-19

Guidance has been included in SchoolsNet e-Bulletins of 8 and 24 June 2020 to assist schools and academy trusts when considering payment requests from suppliers where it is not possible to deliver goods/services in full during the COVID-19 outbreak.

It is important that schools refer to this guidance and utilise the template included in the 24 June bulletin to document the decision making process, before making payments to suppliers affected by the COVID-19 outbreak.

[Link to Schools.net](#)

During the School audit review the following documents will be assessed to confirm that the School has adequate policies in place and that once approved by the Governors they are made available to staff, contractors and pupils etc. as required. Below is a list of the policies reviewed during the audit and where available the link to the schools.net/Derbyshire.gov/DfE.

<u>Policy/Document</u>	<u>Policy Template / Information Location</u>	<u>Audit Suggested Review (years)</u>
Absence Monitoring Policy	Traded Service Document (no link)	3
Acceptable Use of IT Policy for Pupils	Currently no link available	3
Acceptable Use of IT Policy for Staff	Link to schoolsnet	3
Charges, Remissions and Lettings Policy	Link to schoolsnet	1
Code of Conduct for Governors	Link to Governor Support	3
Code of Conduct for Staff	Link to schoolsnet	3
Confidential Reporting Code	Link to schoolsnet	3
Critical Incident Management Plan	Link to schoolsnet	3
Data Protection	Link to schoolsnet	2
Dinner Money Policy	Link to schoolsnet	3
Financial Regulations & Procedures and Roles and Responsibilities	Link to schoolsnet	1
Debit Card Policy	Link to schoolsnet	1
Governing Body Induction Pack	Link to Governor Support	1
Governing Body Terms of Reference	Link to Governor Support	1
Terms of reference and Scheme of delegation for sub-committees	Link to schoolsnet	1
Governors' Expenses Policy	Link to schoolsnet	1
Improvement/Improvement Plan	Currently no link available	Periodic presentation of achievement
Summary Guidelines for Information Retention	Link to schoolsnet	1
Instrument of Government	Link to Governor Support	3
IT Administration Policy/Disaster Recovery Plan	Currently no link available	3
Recruitment and Selection Policy	Link to schoolsnet	3

Getting in Touch

Audit staff are always available to provide advice and support. You may contact the Lead Auditor who led the audit at your school or any of the key contacts listed below:

Carl Hardman	Assistant Director of Finance (Audit)	carl.hardman@derbyshire.gov.uk	(01629) 538708
Jayne Wallhead Suzanne Kiernan	Audit Clerk	jayne.wallhead@derbyshire.gov.uk suzanne.kiernan@derbyshire.gov.uk	(01629) 538826

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