

Meeting of:	<b>Governance and Audit Committee</b>
Date of Meeting:	<b>Monday, 05 February 2024</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Stanwell School Capital Project
Purpose of Report:	To provide members of the Committee with a position statement on the Internal Audit review of the Stanwell School Capital Project
Report Owner:	Head of the Regional Internal Audit Service
Responsible Officer:	Head of Finance & Section 151 Officer
Elected Member and Officer Consultation:	No Elected Members have been consulted. Legal Services and Head of Finance.
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• An Internal Audit report relating to Stanwell School was presented to Governance and Audit Committee in June 2023 as part of the Annual Internal Audit Review 22/23.</li> <li>• The Committee requested Internal Audit undertake further, more detailed work relating to the Stanwell School Capital Project.</li> <li>• Further work was undertaken by Internal Audit with advice provided by the Council's Property Team in relation to the tendering and contract process undertaken at the school.</li> <li>• The Headteacher was not in school and was not available during the period of the audit review; subsequently left the employment of the school in August 2023. The Site Manager sadly passed away in June 2023.</li> <li>• Due to the confidential nature of the findings of the subsequent Internal Audit work, the matter has been referred back to the Chair of Governors and the Acting Headteacher at the school to deal with under the appropriate Council / school policies and procedures, and referral on to relevant external organisations for further consideration.</li> </ul>	

## Recommendations

1. That Members of the Governance and Audit Committee agree the actions taken by the Internal Audit Team following the further work undertaken and the confidential nature of the matter, and outcome of those investigations.

## Reasons for Recommendations

1. To keep the Governance and Audit Committee informed of the progress of further Internal Audit work following previous discussions at Governance and Audit Committee.

## 1. Background

- 1.1 It was brought to the attention of the Head of Finance (Section 151 Officer) in February 2023 that Stanwell School was facing a significant deficit budget and cash flow issues for the remainder of the 2022/23 financial year. Due to these concerns Internal Audit were requested to undertake an audit at the school as soon as possible.
- 1.2 The audit report, finalised on 9<sup>th</sup> May 2023, found that the Local Authority's Financial and Contract Procedure Rules, including rules relating to procurement in addition to the requirements of the Local Authority's Fair Funding Scheme would have applied in this case. An audit opinion of **No Assurance** was therefore given. All recommendations made were accepted by the school and are being monitored closely by Internal Audit.
- 1.3 The findings of the audit report were discussed at Governance and Audit Committee on 12<sup>th</sup> June 2023 as part of the Annual Internal Audit Report 2022/23. As a result, the Committee recommended that further, more detailed work with regards to the capital project was required as a matter of urgency.
- 1.4 The purpose of the additional audit work was to establish an audit trail and document the process followed in the procurement and delivery of the capital project.
- 1.5 The Auditors began this work at the school on 19<sup>th</sup> June 2023.
- 1.6 The Headteacher was not in school and was not available during the period of review. The Headteacher then left his position and a new Acting Headteacher

came into post in September 2023. It should also be noted that the Site Manager sadly passed away on the 18<sup>th</sup> June 2023.

- 1.7 Contract information and documentation was provided to the auditors relating to the design of the new building, and the preparation and submission of planning / building control applications, production of tender documentation, obtaining quotes from contractors and the drawing up / issuing of contract documentation.
- 1.8 The Council's Property Team provided advice on the tendering and contract process through their professionally qualified Quantity Surveyor.

## **2. Key Issues for Consideration**

- 2.1 Due to the confidential nature of the findings of the subsequent Internal Audit work, the matter has been referred back to the Chair of Governors and the Acting Headteacher at the school to deal with under the appropriate Council / school policies and procedures and reference to relevant external organisations for further consideration.

## **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1 The Annual Risk Based Plan contains audit reviews that will be service specific and that will assist in understanding how those services undertake the five ways of working and how they deliver the well-being objectives. Lessons learnt from additional Internal Audit work will also contribute towards the five ways of working.

## **4. Climate Change and Nature Implications**

- 4.1 None as a consequence of this report.

## **5. Resources and Legal Considerations**

### **Financial**

- 5.1 There are no resource implications as a direct consequence of this report, but recommendations made will assist in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

## **Employment**

**5.2** None as a direct consequence of this report.

## **Legal (Including Equalities)**

**5.3** The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2014 as amended from time to time. There are no equalities implications as a direct consequence of this report.

## **6. Background Papers**

None