

Meeting of:	Governance and Audit Committee
Date of Meeting:	Monday, 21 October 2024
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Stanwell School Capital Project - Update
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"> • 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 2022/23. • The Committee requested Internal Audit undertake further, more detailed work relating to the Stanwell School Capital Project. • 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. • 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. • Due to the confidential nature of the findings of the subsequent Internal Audit work, the matter was 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 referred on to a relevant external organisation for further consideration; this is ongoing. • A further regularity audit was undertaken at the School in October 2023 which resulted in a Reasonable Assurance Audit Opinion. 	

- Issues around the capital project previously identified were not, and could not be followed up as no further capital projects had taken place.
- The Acting Headteacher provided assurances that if such projects were considered in the future he would ensure all financial and procurement procedures would be complied.
- The overspend had significantly reduced by the end of April 2024.

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 9th 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 12th 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 19th 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 18th 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 was 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.
- 2.2 A further regularity audit was undertaken at the School in October 2023 in order to assess the appropriateness of operational financial management at that time. The purpose of the audit was to provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Stanwell School.
- 2.3 The objective of this audit was to ascertain the extent to which the assessed risks had been identified and managed, to evaluate whether effective controls which mitigate risks had been established within the system and processes and that these had operated effectively throughout the period under review.
- 2.4 The areas covered within the scope of this audit were:
 - Governance
 - Budget Monitoring & Bank Account Reconciliation
 - Orders & Payments
 - Purchasing Card
 - Unofficial Fund
 - Child Protection & Staffing
 - School Vehicles
- 2.5 The outcome of the audit was that **Reasonable Assurance** was provided.

- 2.6** It was confirmed that the School had a three-year recovery plan in place which was regularly monitored by both the Business Manager and the local authority's School Finance Team and that detailed information on the budget position was being reported to the Full Governing Body and the Finance Committee.
- 2.7** Issues around the capital project previously identified were not, and could not be followed up as no further capital projects had taken place. The Acting Headteacher provided assurances that if such projects were considered in the future he would ensure proper processes would be in place and all financial and procurement procedures would be complied with and the School would consult with all relevant officers.
- 2.8** The Headteacher in post during the initial audit in February 2023 left the School in August 2023. The Acting Headteacher was appointed to the role of Headteacher on a permanent basis early in 2024. The School's status moved from Foundation to a Community School and came back into control of the local authority. The overspend had significantly reduced by the end of April 2024.
- 2.9** With regards the Confidential Audit report issued to the School in November 2023, the Acting Headteacher agreed with all of the recommendations and took appropriate action where feasible. The main issues were around compliance with financial and contract procedure rules for a major capital project at the School. The Acting Headteacher agreed to comply with all appropriate procedures in future whenever a major capital project was undertaken; he confirmed that no such capital projects were being considered in the near future. The matter was referred on to an external organisation for further consideration, which is ongoing.

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