



# Knavesmire Primary School

## City of York Council

### Internal Audit Report 2014/15

Business Unit: Primary Schools,  
Headteacher: A Cooper  
Date Issued: 21/11/14  
Status: Draft  
Reference: 15623/002

	P3	P2	P1
Findings	2	0	0
Overall Audit Opinion	High Assurance		

# Summary and Overall Conclusions

## Introduction

This audit was carried out on Wednesday 24th September and Thursday 25th September 2014 as part of the Internal Audit plan for Adults, Children and Education for 2014/15.

## Objectives and Scope of the Audit

The purpose of this audit is to provide advice to the Governors, Head Teacher and the Authority's Section 151 Officer about the financial management procedures and assurance that internal controls of the school are operating effectively to manage key risks, both financial and otherwise.

The audit covered the following areas in accordance with the specification issued on 8th July 2014:

- Governance;
- Financial Management;
- System Reconciliation;
- Petty Cash
- Contracts – Ordering, Purchasing and Authorisation;
- Income;
- Capital and Property;
- Additional School Activity Provision;
- Human Resources;
- Payroll;
- School Meals;
- Pupil Numbers;
- Voluntary Funds Monitoring Arrangements;
- Data Protection and Information Technology;
- Insurance and Risk Management;
- Joint Use Facilities;
- Inventory Records;
- Security; and
- Safeguarding Arrangements.

## **Key Findings**

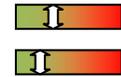
The key findings in the audit relate to ensuring that the all governors complete a declaration of business interests and that VAT is accounted for on income collected for adult meals.

## **Overall Conclusions**

It was found that the arrangements for managing risk were very good. An effective control environment appears to be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided **High Assurance**.

## Area Reviewed: Declaration of Interests

Severity  
Probability



1	Issue/ Control Weakness	Risk
	Declaration of business interest forms were missing for several governors. Governors and members of staff with financial responsibilities may be in a position to influence the placing of contracts in which they have a personal interest and must therefore ensure that all significant interests are declared.	The school may be unable to fully account for purchasing decisions in the event of challenge.

### Findings

The register of interests for governors was reviewed and it was found that three out of eighteen governors did not have a declaration of business interests form on file.

### Recommendation

A signed declaration for the register of interests should be in place for all governors including any new governors arriving after the annual renewal date.

### 1.1 Agreed Action

Retrospective Declaration of Business Interest Forms will be completed at the next FGB Meeting on 17 November for the two Governors still in post. The third Governor resigned at the end of the Autumn Term 2013. All Governors will complete a Declaration of Business Interests Form for the current year at the FGB on 17 November 2014. This was discussed at the Governors' F/S/P Meeting on 3 November 2014.

**Priority**

3

**Responsible Officer**

Headteacher

**Timescale**

17 November 2014.

## Area Reviewed: VAT

Severity  
Probability



### 2 Issue/ Control Weakness

VAT has not been accounted for on adult school meals income.

### Risk

HM Revenue & Customs may penalise the school for failing to account for VAT correctly.

### Findings

School meal records were reviewed and it was noted that a number of adult meals are regularly sold. However income on adult meals had been recorded without VAT being accounted for.

### Recommendation

The school should ensure VAT on adult free school meals is correctly accounted for. It is recommended that the school contact the Councils VAT officer to establish whether an adjustment is required to correct VAT errors.

### 2.1 Agreed Action

The recommendation above has been followed. All VAT on adult paid meals has been accounted for (there are no adult free school meals taken) using the CYC's Adjustment Form under the guidance of the Council's VAT Officer. This action was completed on Tuesday, 30 October 2014 and reported to the Governors' F/S/P Committee at their meeting held on 3 November 2014.

#### Priority

3

#### Responsible Officer

Headteacher

#### Timescale

30 October 2014

## Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Moderate assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

## Severity

Unlikely to have much impact on the integrity of the system or the effectiveness of controls	Over time, is likely to undermine the effectiveness of controls and/or result in reduced efficiency	Issue is so severe that fundamental controls within the system will not operate effectively exposing the system to catastrophic failure.
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## Probability

Highly unlikely to occur (timescales will vary with the system being reviewed)	Likely to occur on a regular basis but not frequently (will vary with the system)	Certain to occur in the near future.
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