

**Dringhouses Primary School**  
**City of York Council**  
**Internal Audit Report 2016/17**

Business Unit: Children, Education and Communities:  
Headteacher: G. Williams  
Date Issued: 12 April 2017  
Status: Final  
Reference: 15691/003

	<b>P1</b>	<b>P2</b>	<b>P3</b>
<b>Actions</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Overall Audit Opinion</b>	High Assurance		

# Summary and Overall Conclusions

## Introduction

This audit was carried out on 20th and 21st November 2016 as part of the Internal Audit plan for Children, Education and Communities for 2016/17. Schools are audited in accordance with a detailed risk assessment.

## Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to Governors, the Headteacher and management that procedures and controls in the areas listed below are working adequately and are well controlled. The audit covered the following areas in accordance with the specification issued on 15<sup>th</sup> July 2016:

- Governance and Financial Management
- System Reconciliation
- Banking Arrangements
- Contracts, Purchasing and Authorisation
- Income
- Capital and Property
- Extended Schools Provision
- Human Resources
- Payroll and Staff Costs
- School Meals
- Pupil Numbers
- School Fund
- Data Protection and Information technology
- Insurance and Risk Management
- Inventories
- Safeguarding

## Key Findings

Systems at the school are operating well in all the areas reviewed. Recommendations for actions have been made regarding the reallocation of responsibility for the independent check of the inventory, which the school had identified themselves as needing action, as well as removing a Governor as a cheque signatory, which was identified during the themed audit of Procurement across all York schools undertaken in 2015-16. Following on from the themed audit of Information Governance in 2015-16 it is recommended that information regarding procedures for dealing with breaches of data protection be provided to staff in some way, perhaps in the staff handbook.

During the audit advice was also given regarding the Child Protection training for the governor with Child Protection responsibilities being out of date.

## 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**.

# 1 Delegated Authority

## Issue/Control Weakness

A Governor who is not an employee of the school is an authorised cheque signatory.

## Risk

The Governing body is unable to fulfil its statutory responsibility. Officers who are not members of staff are not covered by the school's fidelity guarantee insurance.

## Findings

The school has approved a Governor to be an authorised cheque signatory. Governors have a statutory responsibility for the oversight of the financial management of the school and for ensuring adherence to the Authority's Standing Orders and Financial Regulations and as such Governors (who are not employees of the school) should not be directly involved in operational procedures. Additionally, non staff members are not covered by the schools fidelity guarantee insurance.

## Recommendation

The school should not include Governors who are not employees of the school as authorised cheque signatories.. The authorised cheque signatories should be revised accordingly.

## Agreed Action 1.1

Agreed

Priority

3

Responsible Officer

Head

Timescale

Sept 2017

## 2 Inventory

### Issue/Control Weakness

The annual check of the inventory was not adequately evidenced or completed independently of the officer maintaining the inventory record.

### Risk

Items which have been lost or misappropriated may not be identified and investigated and insurance claims may be affected.

### Findings

The school maintains an inventory on an electronic inventory spreadsheet, which showed evidence of being kept up to date. However the school did not evidence the annual check of the inventory record to the items in school. Assurance was given that the annual check had been completed however, this is currently undertaken by the member of staff responsible for the maintaining the inventory record and no independent check is completed.

### Recommendation

The inventory check should be completed by an officer independent of maintaining the inventory record and should be evidenced by retaining a paper or PDF copy of the verified inventory, recording the officer completing the check and the date the check was completed. If this is not a full check (eg a targeted check towards the most vulnerable items, higher value items or particular equipment) it should be clear from this record which items have been checked.

### Agreed Action 2.1

Agreed

Priority

3

Responsible Officer

Head

Timescale

Sept 2017

### 3 Data Breach Policy

#### Issue/Control Weakness

The school does not have formally documented procedure for staff to follow should a data breach occur.

#### Risk

A data breach may not be identified by the school and handled appropriately.

#### Findings

The school does not have a formally documented procedure or policy for staff to follow should a data breach occur. This could lead to staff not identifying and handling breaches of information security in the most appropriate way.

#### Recommendation

A procedure for management of data breaches should be in place and notified to staff. This may be part of a data breach policy and could be included in the staff handbook.

#### Agreed Action 3.1

Agreed

Priority

3

Responsible Officer

Head

Timescale

Sept 2017

# Audit Opinions and Priorities for Actions

## Audit Opinions

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.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

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.
Reasonable 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.

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