

**All Saints RC Secondary School**  
**City of York Council**  
**Internal Audit Report 2014/15**

Business Unit: Secondary Schools,  
Headteacher: W Scriven  
Date Issued: 17/07/14  
Status: Final  
Reference: 15655/004

	P3	P2	P1
Findings	8	1	0
Overall Audit Opinion	Substantial Assurance		

# Summary and Overall Conclusions

## Introduction

This audit was carried out on Tuesday 13th May and Wednesday 14th May 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 2nd March 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;
- Minibus;
- Security; and
- Safeguarding Arrangements.

## Key Findings

The key findings in the audit relate to ensuring all governors and staff who can make purchasing decisions complete a signed declaration of Interest, obtaining a formal waiver from the Council's Financial Regulations prior to letting a revenue funded contract valued in excess of £5K without three quotes or tenders being obtained, evidencing that directly commissioned contractors and external groups using the school have adequate public liability insurance, ensuring that no personal data is being held on unencrypted portable storage devices and evidencing that pre-drive checks are completed for the minibus.

## Overall Conclusions

It was found that the arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation, but there is scope for further improvement in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided **Substantial Assurance**

## Area Reviewed: Register of Interests

Severity  
Probability



### 1 Issue/ Control Weakness Risk

Current declaration of interest forms were missing for several governors and for some staff with financial responsibilities. 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 eight out of twenty governors did not have a current form on file. Additionally, a number of staff with financial responsibilities had not completed a declaration of interests.

#### 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. The school should also ensure that all staff with financial responsibilities, in particular those who can sign orders and influence purchasing decisions, sign a declaration of interests on an annual basis.

#### 1.1 Agreed Action

The recommendation will be actioned.

Priority

3

Responsible Officer

Chair of Governors

Timescale

Next Governors meeting  
November 2014

**2 Issue/ Control Weakness Risk**

There is significant expenditure in the budget for staff duty meals (10K). It was noted that staff working as MSA's are currently allocated a free school meal although this is not part of their contract conditions. Expenditure may not be effectively targeted and controlled.

**Findings**

Staff working a dinner time duty are currently paid at a senior MSA rate and are also given a free school meal. Expenditure relating to staff duty meals for 2013/14 was approximately 12.5K and 10K has been budgeted for 2014/15.

**Recommendation**

It is suggested that current practice relating to the allocation of free staff duty meals is reviewed.

**2.1 Agreed Action**

The recommendation will be actioned.

<b>Priority</b>	3
<b>Responsible Officer</b>	Head teacher
<b>Timescale</b>	November 2014

**3 Issue/ Control Weakness Risk**

Financial monitoring reports issued to governors are not produced directly from the schools accounting system and could be subject to alteration. Inaccurate information may be used for budget monitoring purposes.

**Findings**

Governors have requested the Finance Officer to produce budget monitoring reports for the Finance Committee in a spreadsheet format using data manually entered from the monitoring report produced directly from the schools accounting package. The spreadsheet is presented and discussed at Finance Committee and approved changes to the expected outturn are incorporated into the revised budget. However, governors are not issued with the original monitoring report and therefore any errors or alteration in the figures may not be identified and decisions may be based on inaccurate information.

**Recommendation**

It is recommended that a standard monitoring report produced directly from the schools accounting system in a PDF format is issued to governors in addition to any additional monitoring data.

**3.1 Agreed Action**

The recommendation will be actioned.

<b>Priority</b>	3
<b>Responsible Officer</b>	Chair of Governors
<b>Timescale</b>	November 2014

**4 Issue/ Control Weakness Risk**

Evidence is not in place to confirm that contractual arrangements are regularly reviewed. The school may fail to obtain best value on school service contracts.

**Findings**

There is currently no central record of all service contracts at the school or evidence to confirm that contracts are periodically reviewed to ensure they meet current requirements, have been correctly costed (for budget purposes) and are programmed for re-tender where applicable.

**Recommendation**

It is recommended that a central schedule of current contracts is completed and contract review at the school is evidenced through review of this record.

**4.1 Agreed Action**

The recommendation will be actioned.

<b>Priority</b>	3
<b>Responsible Officer</b>	Finance Officer
<b>Timescale</b>	September 2014

## Area Reviewed: Letting of Contracts

Severity  
Probability



### 5 Issue/ Control Weakness

### Risk

Contracts have been let without obtaining quotations or tenders as required by the schools budget management policy and the Council's Financial Regulations.

Failure to comply with the Council's Financial Regulations.

### Findings

Significant revenue expenditure (in excess of 5K) was reviewed to ensure quotations or tenders had been obtained in accordance with the schools budget management policy and the Council's Financial Regulations. It was noted that a three year contract for ICT support services valued at 21K per annum had been let without three quotations being obtained. In addition a consultancy contract for the new build had been let without quotations being obtained.

### Recommendation

The school should ensure that a formal waiver is obtained from the Council prior to letting a contract valued in excess of 5K without obtaining quotations or tenders as required by the Council's Financial Regulations.

### 5.1 Agreed Action

The recommendation will be actioned.

Priority

3

Responsible Officer

Finance Officer

Timescale

September 2014



**6 Issue/ Control Weakness Risk**

Contractors directly commissioned to complete works at the school and other groups using the school may not have adequate public liability insurance cover. Costs may be incurred by the school in the event of a claim.

**Findings**

A review of contractors used for minor works highlighted that school does not obtain copies of public liability insurance cover for all contractors undertaking works at the school. Additionally, testing of a sample of lettings highlighted that groups using the school did not have copies of public liability insurance certificates on file.

**Recommendation**

If the school requests a contractor to carry out works at the school, a copy of the contractors insurance certificate should be retained by the school to prove that they have current public liability insurance cover of at least £5 million before any work is carried out. If a contractor is used on a regular basis, a system should be in place to ensure that an up to date copy of the insurance certificate is obtained when the expiry date has been reached.

Additionally the school should ensure that all groups using the school (eg under lettings agreements), have a current public liability insurance certificate on file.

**6.1 Agreed Action**

The recommendation will be actioned.

<b>Priority</b>	3
<b>Responsible Officer</b>	Finance Officer
<b>Timescale</b>	September 2014



**7 Issue/ Control Weakness Risk**

The school may be holding unencrypted personal data on laptops and data sticks.

Statutory requirements may be breached. The ICO has powers to levy fines of up to £500,000 for the most serious breaches of the data protection act.

**Findings**

Unencrypted Laptops and data sticks which may be vulnerable to being lost or stolen may currently be used at the school to hold personal data.

**Recommendation**

The school should ensure laptops, data sticks and other data storage devices that may be used to hold personal data are encrypted. Staff should be made aware that personal data should not be held on any unencrypted storage media.

**7.1 Agreed Action**

The recommendation will be actioned.

<b>Priority</b>	2
<b>Responsible Officer</b>	Head teacher
<b>Timescale</b>	September 2014

## Area Reviewed: Inventory

Severity  1  
Probability  1

### 8 Issue/ Control Weakness Risk

There is no confirmation that the annual check of the inventory records has been completed in each department. Inventory records may be incomplete and items which are lost or misappropriated may not be highlighted and investigated.

### Findings

Each head of department is responsible for the maintenance and checking of their own inventory record. However there is no confirmation received from these departments that the annual check has been completed.

### Recommendation

It is suggested that an annual request is sent to departments to confirm that their inventory record has been checked. This confirmation should record the date of the check and the name of checking officer. Any missing items identified at the inventory checks should be highlighted and investigated. These confirmation records should be held centrally.

### 8.1 Agreed Action

The recommendation will be actioned.

Priority	3
Responsible Officer	Head teacher
Timescale	September 2014

**9 Issue/ Control Weakness Risk**

Pre-use checks are not recorded in the mini-bus log book.

Failure to comply with the Councils Health & Safety requirements for the minibus (CN30)

**Findings**

Minibus drivers are required to complete basis pre-use checks before driving the minibus. Although there is provision for recording these checks in the minibus journey log book this record has not been completed.

**Recommendation**

Drivers should be reminded of their responsibilities to complete pre use checks and completion should be evidenced in the minibus journey log book.

**9.1 Agreed Action**

The recommendation will be actioned.

<b>Priority</b>	3
<b>Responsible Officer</b>	XXXXXXXXXX
<b>Timescale</b>	September 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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