

# Canon Lee Secondary School

## City of York Council

### Internal Audit Report 2013/14

Business Unit: Secondary Schools:  
Headteacher: C Holbrey  
Date Issued: 7 April 2014  
Status: Final  
Reference: 15658/003

	P3	P2	P1
Findings	3	0	0
Overall Audit Opinion	Substantial Assurance		

# Summary and Overall Conclusions

## Introduction

This audit has been carried out as part of the Internal Audit plan for Adults Children & Education for 2013/14.

## 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 consists of a "health check" incorporating, a follow up of agreed actions from the last report, a review of any significant changes in finance and governance systems since the last audit, and some limited testing covering the areas below:

- Governance and Financial Management
- System Reconciliation
- Banking Arrangements
- Contracts, Purchasing and Authorisation
- Income
- Capital and Property
- Human Resources
- Payroll and Staff Costs
- School Meals
- School Fund
- Inventories

## Key Findings

The key findings related to public liability insurance for third parties, procedures for XXXXXXXXXXXXXXXXXXXXXXXXXXXX and the school inventories

## 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: Insurance

Severity   
 Probability 

1	Issue/ Control Weakness	Risk
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	There is insufficient evidence to confirm that all groups using the school and contractors commissioned directly by the school hold adequate public liability insurance.	Costs may be incurred by the school in the event of a claim.
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### Findings

Since the previous audit the school has undertaken some work on the procedures surrounding the administration of lettings. However the school have not yet obtained copies of public liability insurance certificates for all groups using the school

In addition, although contractor insurance certificates are viewed, they are not copied and retained on file.

### Recommendation

A copy of certificates confirming the adequacy of public liability insurance should be held on file for all external groups using the school (eg under lettings agreements) and for all contractors directly commissioned to complete works at the school.

Where a lettee fails to provide a copy of their insurance an additional charge should be added to the invoice to obtain public liability insurance through City of York Council.

### 1.1 Agreed Action

A copy of certificates confirming the adequacy of public liability insurance has been requested from all existing external groups using the schools' premises. A copy of the insurance certificate will be kept on file.

All new lettings clients will be asked to produce a certificate confirming adequate public liability insurance cover with a copy of the certificate kept on file.

Where a group does not have, or fails to provide a copy of their insurance certificate, an additional charge will be added to their invoice to obtain public liability insurance through the City of York Council.

With immediate effect, copies of all contractor insurance certificates will be kept on file.

<b>Priority</b>	3
<b>Responsible Officer</b>	XXXXXXXXXXXX (Strategic Operations Manager)
<b>Timescale</b>	Completed



**3 Issue/ Control Weakness Risk**

The school does not have a complete set of inventories which have been subject to an annual review. Assets may be unaccounted for

**Findings**

Since the previous audit the school have put new measures in place to collect inventories from all school departments. However not all inventories have been returned, and as yet not all of the inventories have been subject to a documented annual review.

**Recommendation**

The remaining inventories should be completed and all inventories subject to an annual check which is documented

**3.1 Agreed Action**

Inventories have been received from all departments. The annual check of the inventories has been scheduled to coincide with the end of the financial year, 31st March. The physical check between the inventory list and the tangible asset will be undertaken by the Finance Manager during the spring term school holidays (Easter). This will be the date at which the future inventory list checks will be undertaken.

<b>Priority</b>	3
<b>Responsible Officer</b>	XXXXXXXXXX (Finance Manager)
<b>Timescale</b>	17 April 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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