Stockton-on-the-Forest Primary School

City of York Council

Internal Audit Report 2017/18

Headteacher: Mrs. Sarah Mills
Date Issued: 30th May 2018
Status: Final
Reference: 15699/019

	P1	P2	P3
Actions	0	0	6
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

This audit was carried out on 17th and 18th May 2017 as part of the Internal Audit plan for Children, Education and Communities for 2017/18.

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:

- 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

Overall the processes in the school in relation to the above processes were working well. Some recommendations have been made to further improve processes, these are detailed below. In addition, information has been given relating to ensuring information is only retained as long as is necessary and the role of a SIRO.

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.

1. Staff Declarations of Interest

Issue/Control Weakness	Risk
Staff with financial responsibilities have not completed a declaration of pecuniary interest.	Staff at the school may be in a position to influence the placing of contracts in which they have a personal interest and the school may be unable to fully account for purchasing decisions in the event of challenge.

Findings
Although Governors complete a declaration, staff with financial responsibilities have not been required to complete a declaration of pecuniary interest.

Recommendation
A declaration of pecuniary interest form should be completed by all members of staff who can influence purchasing decisions, including 'nil' returns. These should be refreshed on an annual basis.

Agreed Action 1.1

All staff who order resources have been provided with a pecuniary interests form.

Priority	3
Responsible Officer	Headteacher
Timescale	Feb 2018

2. Gifts and Hospitality

Issue/Control Weakness	Risk
A Gifts and Hospitality register has not been established.	Gifts may have been received that could influence purchasing decisions and Governors and staff at the school may be vulnerable to allegations of improper conduct.

Findings

A Gifts and Hospitality register has not been established in which details of any gifts or hospitality received can be recorded.

Recommendation

A Gifts and Hospitality register should be established and signed off each year, even there are no entries. Staff should be made aware of the existence of the register and the types of items that should be recorded on it.

Agreed Action 2.1

A Gifts and Hospitality register for staff and for Governors is in the process of being established.	Priority	3
	Responsible Officer	Headteacher
	Timescale	May 2018

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3. Contract Register

Issue/Control Weakness	Risk
The school does not have a contract register in place	The school may not sufficiently monitoring contracts for external service provision.

Findings

The school does not have a contract register in place, which would provide details of all the school's contracts including their values and end dates. This would help with budget management and ensuring that contracts do not lapse or auto renew on unfavourable terms for the school.

Recommendation

The school should draw up and maintain a contract register. The contracts register should be presented to Governors.

Agreed Action 3.1

The admin officer is in the process of establishing a contracts register.

Priority	3
Responsible Officer	Admin Officer
Timescale	July 2018

4. Right to Work in the UK checks

Issue/Control Weakness	Risk
The school did not retain evidence to support its right to work in the UK	Failure to comply with the Immigration Asylum and Nationality Act 2006

Findings

Although the school completed right to work in the UK checks for its employees, it does not retain evidence to support the checks.

Recommendation

The school must retain evidence that the employee is eligible to work in the UK. This evidence must be a photocopy of a passport showing that the employee is a British Citizen or citizen of the European Economic Area or other evidence issued by the Home Office demonstrating a right to work in the UK. Note that a driving licence or utility bill is not acceptable.

Agreed Action 4.1

All staff now have a photocopy of their passport in their HR files.

Priority	3
Responsible Officer	Headteacher
Timescale	Complete

5. Publication Scheme

Issue/Control Weakness	Risk
The Guide to Information is not included in the Publication Scheme	The school may not be complying fully with the requirements under the Data Protection Act (DPA), Environmental Regulations (EIR) and Freedom of Information Act (FOIA) and statutory requirements may be breached.

Findings

A Publication Scheme has been adopted by the governing body, however it doesn't have the Guide to Information available under the Publication Scheme.

Recommendation

The school should add a completed Guide to Information to their publication scheme

Agreed Action 5.1

This has now been completed and published on the schools website.

Priority	3
Responsible Officer	Headteacher
Timescale	Complete

6. Inventory

Issue/Control Weakness	Risk
The school's inventory isn't printed off and signed annually.	In event of theft, any insurance claim may be affected.

Findings

The school has set up an electronic inventory but this is not printed off and signed on an annual basis to confirm that is has been independently checked and is correct as of that date.

Recommendation

The school should print off and signed the inventory on an annual basis to confirm that is has been independently checked and is correct as of that date.

Agreed Action 6.1

The admin officer will address this at the end of each academic year.

Priority	3
Responsible Officer	Admin Officer
Timescale	July 2018

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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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