



**St Aelred's RC Primary School**  
**City of York Council**  
**Internal Audit Report 2016/17**

Business Unit: Children's Services, Education & Skills:  
Headteacher: Mr D Sutherland  
Date Issued: 5 September 2017  
Status: Final  
Reference: 15691/005

	P1	P2	P3
<b>Actions</b>	<b>0</b>	<b>1</b>	<b>8</b>
<b>Overall Audit Opinion</b>	Reasonable Assurance		





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**Issue/Control Weakness** **Risk**

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**Findings**

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**Recommendation**

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**Agreed Action 1.1**

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<b>Priority</b>	2
<b>Responsible Officer</b>	XXXXXXXXXXXXXXXXXX
<b>Timescale</b>	XXXXXXXXXXXXXXXXXX



## 2 Staff declarations of interest

### Issue/Control Weakness

Staff with financial responsibility do not complete declarations of interest forms on an annual basis.

### Risk

Conflicts of interest may not be identified and purchasing decisions may be vulnerable to challenge.

### Findings

The school staff with financial responsibility do not complete declarations of interest on an annual basis. This may lead to members of staff being in a position to influence expenditure in which they have a personal interest and the school may be unable to fully account for purchasing decisions in the event of challenge.

The Governors of the school do complete declarations of pecuniary interest, and were up to date at the time of the audit. Declarations of interest are also a standing agenda item during Governing Body meetings.

### Recommendation

The school should 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.

### Agreed Action 2.1

Staff with financial responsibilities have completed Declarations of Interest Forms, which are held in the school office.

**Priority**

3

**Responsible Officer**

Tamara Andrews

**Timescale**

Complete

### 3 Budget Management Policy

#### Issue/Control Weakness

The budget management policy at the school was out of date.

#### Risk

The policy may not be reflective of current procedures.

#### Findings

The school did not have an overall list of policies, which would assist in ensuring that the school has all necessary policies and that the policies are subject to review on an appropriate basis.

In addition, the school's budget management policy was out of date and in need of review. The school had up to date terms of reference for the finance committee and scheme of delegated authority, however they sat outside of the budget management policy.

#### Recommendation

The school should also compile an overall list of polices along with review dates.

The school should put in place an up to date budget management policy using the CYC policy as a template

#### Agreed Action 3.1

The Budget Management Policy was reviewed 29 March 2017

**Priority**

3

**Responsible Officer**

Jen Hurley

**Timescale**

Complete

#### Agreed Action 3.2

A Policy Log has been implemented and is regularly updated.

**Priority**

3

**Responsible Officer**

Tony Aydon/  
Jen Hurley

**Timescale**

Complete

## 4 Contracts

### Issue/Control Weakness

A contract had been let without 3 quotations and there is no contract review schedule.

### Risk

The school is at risk of challenge or accusations of lack of impartiality or achieving best value.

### Findings

During the course of the audit it was identified that a contract had been let in excess of £5,000 without seeking 3 quotations, as is required by the financial regulations.

In addition 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

The school should ensure that all contracts are let in accordance with the Council's Financial Regulations and that a formal waiver is obtained from the Council prior to letting a contract valued in excess of 5K without obtaining quotations or tenders

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.

### Agreed Action 4.1

All contracts are being procured in line with financial regulations. Latest is the Catering Contract.

**Priority**

3

**Responsible Officer**

SBM

**Timescale**

Complete

### Agreed Action 4.2

The school will compile a schedule of all contracts. This is to be high priority for the school business manager who has recently been appointed June 2017

**Priority**

3

**Responsible Officer**

SBM

**Timescale**

September 2017

## 5 Gifts and hospitality

### Issue/Control Weakness

The school does not have a register of gifts and hospitality

### Risk

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 in relation to the acceptance of gifts and hospitality.

### Findings

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

### Recommendation

The school should establish a register of gifts and hospitality.

### Agreed Action 5.1

Register held by the school office, implemented December 2016

**Priority**

3

**Responsible Officer**

Derek Sutherland

**Timescale**

Complete



## 6. Inventory

### Issue/Control Weakness

The school does not have a complete inventory

### Risk

In event of theft, any insurance claim may be affected.

### Findings

The school does not have an inventory of its assets

### Recommendation

The school should compile an inventory record of all items of equipment costing in excess of £100 or of a portable and attractive nature.

The inventory record should be checked on an annual basis by a member or staff not involved in the updating of the record, and evidence should be kept of this check. If an electronic inventory record format is used a copy should be printed of and retained on an annual basis.

### Agreed Action 6.1

The school will compile an inventory record which will be subject to an independent check and signed off on an annual basis. This is to be high priority for the school business manager who has recently been appointed June 2017

**Priority**

3

**Responsible Officer**

SBM

**Timescale**

October 2017

## 7 Free Meals for staff

Issue/Control Weakness	Risk
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Some members of staff receive free school meals. As this is not universal provision this may be classed as a benefit in kind and have tax implications as well as the provision having a financial cost for the school.

The school may be incurring unnecessary expenses

Findings
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The school currently allows free school meals for some MSA's. The provision of a free school meal to staff is not a contractual requirement, has an impact on the budget and may have tax implications.

Recommendation
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Governors should consider whether they should continue to provide free school meals to some staff and the cost implications of doing so. HR should be contacted to ensure any tax implications are correctly addressed for any staff receiving benefits in kind.

Agreed Action 7.1
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School Meals no longer given to staff free of charge. This was ceased 31 April 2017

<b>Priority</b>	3
<b>Responsible Officer</b>	Derek Sutherland
<b>Timescale</b>	Complete

# 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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