



Clifton Green Primary School

City of York Council

Internal Audit Report 2016/17

Business Unit: Children's Services, Education & Skills,
Headteacher: D Brown
Date Issued: 09/03/17
Status: Final
Reference: 15691/007

	P1	P2	P3
Actions	0	0	09
Overall Audit Opinion	Reasonable Assurance		

Summary and Overall Conclusions

Introduction

This audit was carried out on Tuesday 29th November and Wednesday 30th November 2016 as part of the Internal Audit plan for Education, Skills and Children's Services for 2016/17.

Objectives and Scope of the Audit

The purpose of this audit was 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 were operating effectively to manage key risks, both financial and otherwise. The audit covered the following areas in accordance with the specification issued on 13th October 2016:

- 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

The audit found that procedures in place for financial management and governance at the school were generally good. However the audit identified a number of additional controls that should be applied. The register of interests for Governors and general governance arrangements should be published on the schools website in accordance with statutory guidance as should the schools publication scheme and associated

guide to information. Financial information should be checked for accuracy before presentation to the Governors. The significant arrears in relation to school meals, after school club and breakfast club should be promptly chased up and progress monitored and reported at an appropriate level. The school should ensure lettings income is correctly coded for VAT purposes and that VAT on expenditure is only reclaimed if a VAT invoice or receipt is in place. Funding received from the Council should be checked for accuracy against the schools records.

Overall Conclusions

It was found that the arrangements for managing risk were satisfactory with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made. Our overall opinion of the controls within the system at the time of the audit was that they provided Reasonable Assurance.

1 Register of Interests

Issue/Control Weakness

The register of interests for governors has not been published on the school's website.

Risk

The requirements of the Constitution of Governing Bodies Statutory Guidance 2015 in relation to transparency are not being met.

Findings

The register of Interests for Governors and the register of interests for staff with financial responsibility was reviewed and found to be complete.

In the interests of transparency, and in accordance with statutory guidance a governing body is required to publish on its website up-to-date details of its governance arrangements. This should include the register of interests for members of the Governing Body over the past 12 months and other details such as Governors attendance record at committee meetings and the names of the chair of each committee. It was noted that not all the required details had been published on the school's website including the register of interests for Governors.

Recommendation

It is advised that governance arrangements published on the schools website are reviewed against the statutory requirements and that the school ensures that the register of interests for Governors is included on the website.

Agreed Action 1.1

The register of interests for members of the Governing Body over the past 12 months and other details such as Governors attendance record at committee meetings and the names of the chair of each committee will be published on our website.

Priority

3

Responsible Officer

Business Manager

Timescale

10th February 2017

2 Financial Management

Issue/Control Weakness

Budget monitoring reports presented to Governors and the revised budget document approved by Governors recorded an inaccurate start budget. It was also noted that a benchmarking exercise had not been completed in the last 12 months.

Risk

Financial decisions may be based on incorrect data and may adversely affect the budgetary position at the school.

Findings

There were some discrepancies identified between the start budget approved by Governors and the start budget recorded on the finance system. The latest monitoring report produced from the finance system for period 7 and presented to Governors at the November Finance Committee meeting included these discrepancies. This resulted in some variances being incorrectly stated. The incorrect start budget was recorded on the revised budget document approved by Governors at the November meeting and signed by the Chair. It was also noted that a benchmarking exercise had not been completed for the school in the last 12 months. This was due to the school having a new Bursar in this period. It was planned that a benchmarking exercise would be carried out in the current financial year to support planning for the 2016/17 start budget.

Recommendation

To ensure accurate budget monitoring information is produced from the finance system, it is recommended that the budget recorded on the finance system is checked to the approved budget and any corrections made prior to a monitoring report being produced and presented to the Finance Committee.

Agreed Action 2.1

When the Resources Committee started to look at the Revised Budget they realised there was a discrepancy in the Start budget. This was due to a formula that was written into the Start Budget by CYC. This discrepancy was recorded in the minutes of the Resources Committee Minutes. In the future we will double check that the formulas are correct before presenting figures to the Governors.

Priority	3
Responsible Officer	Bursar
Timescale	Complete

3 VAT

Issue/Control Weakness

On occasions VAT had been reclaimed when a VAT receipt or VAT invoice had not been obtained. A general error in VAT coding of income was also noted.

Risk

Penalties may be levied by H M Revenue & Customs for failure to account correctly for VAT.

Findings

Testing of purchases made using the Schools purchasing card highlighted that on occasions, the VAT element of on-line purchases had been reclaimed without a VAT receipt or VAT invoice being obtained. It was also noted that income from lettings which is “exempt income” for VAT purposes had been VAT coded as “outside scope”.

Recommendation

A VAT receipt or VAT invoice must be in place before VAT is reclaimed for expenditure at the school. Lettings income should be VAT coded as “exempt”. It is advised that the school contact the Council’s VAT officer concerning any VAT adjustments which may be required.

Agreed Action 3.1

In future a VAT receipt or VAT invoice will always be in place before VAT is reclaimed. The Bursar will also VAT code lettings as exempt.

Priority

3

Responsible Officer

Bursar

Timescale

17th February 2017

4 Debtors

Issue/Control Weakness

The school has substantial debtors for school meals, after school club and breakfast club.

Risk

The school may not collect all income due.

Findings

An electronic income collection system is in place at the school with a good level of take up. Parents are still given the option to pay charges by cash or by cheque. At the time of audit there was a significant level of debt in relation to school meals (£2100), after school club (£850) and breakfast club (£520). Several families had individual debts in excess of £100. It had also been reported to Resources Committee that the school had significantly subsidised school trips (approximately 4K last year) due to an inadequate level of voluntary contributions being received.

Payment plans had been arranged for families with a high level of debt with regular checks to ensure payments have been made. Parents have also been reminded that without sufficient voluntary contributions a trip will not go ahead.

Recommendation

The school should continue to pursue debts for school meals, after school club and breakfast club in accordance with Council Policy. Guidance on the pursuit of overdue payments has been sent to the school. It is suggested that the school considers setting a level at which they would withdraw services unless special circumstances apply. Where possible the school should require pre payment if services continue to be used.

It is recommended that the current position on arrears and any subsidy of school activities due to lack of voluntary contributions is regularly reported to Finance Committee.

Agreed Action 4.1

We will continue to pursue debts for school meals, ASC and BC. We now have a plan in place, where possible we ask for pre payment and if the debt is still owing request payment by letter. If the debt hasn't been settled by a certain date the child will be unable to access meals or ASV/BC.

Priority

3

Responsible Officer

Bursar

Timescale

17th February 2017

The current position on arrears has been reported to the Resources Committee and we will keep them in the picture.

5 Contract Review

Issue/Control Weakness

Effective procurement planning and review of the schools service contracts and other ongoing contractual arrangements is not adequately evidenced.

Risk

Best value may not be obtained.

Findings

It was confirmed that current contract documents are held at the school and that contracts for retender and service to schools arrangements are discussed at Finance committee. However the school does not hold a consolidated record of service contracts or other ongoing contractual arrangements. There is no evidence to confirm that all contractual arrangements are kept under review to ensure they meet current requirements and are programmed for re- tender or market testing where appropriate.

Recommendation

It is recommended that a schedule of current contractual arrangements, to include contract costs and contract end dates, is maintained and that contract review is evidenced through review of this document. It is advised that the schedule is presented to Governors to provide assurance of effective procurement planning.

Agreed Action 5.1

The School has received the CYC Contract Review Schedule and will use this in the future to review contracts every term. The schedule will be presented to the Resource Committee when contracts need to be reviewed.

Priority

3

Responsible Officer

Business Manager

Timescale

17th February 2018

6 Human Resources

Issue/Control Weakness

Completion of return to work interviews after a period of sickness was not adequately evidenced on the Council's Self Certification Form.

Risk

Failure to comply with HR policy and procedures.

Findings

Self Certification Forms for a sample of staff sickness absences were reviewed. It was noted that completion of a return to work interview was either not evidenced on the Self Certification Form or was not properly recorded eg was not signed by both parties.

Recommendation

Every period of sickness absence should be followed up by a return to work interview with the line manager/supervisor, usually on the first day of the employee's return to work. This should be completed in accordance with HR Guidelines and recorded on the City of York Council Self Certification Form.

Agreed Action 6.1

We have amended our procedures so when a member of staff returns to work after an absence an appointment is made for a return to work interview with the Headteacher.

Priority

3

Responsible Officer

Bursar

Timescale

3rd February 2018

7 Publication Scheme

Issue/Control Weakness

The school has adopted the Information Commissioners Model Publication Scheme for schools but the associated Guide to Information has not been completed. These documents should be published on the schools website.

Risk

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

The school has adopted the current publication scheme but has not completed the associated guide to information. The Information Commissioner specifies that the model publication scheme and the guide to information, with electronic links to the information specified in the guide where possible, should be available on the website.

Recommendation

The school should ensure they have adopted the Information Commissioners Model Publication Scheme with the Guide to Information available from the ICO website. The approved scheme and Guide to Information should be published on the schools website and where possible the information referred to in the schedule made available via the website.

Agreed Action 7.1

The school has completed the Guide to Information and this will be published with the Information Commissioners Model Publication Scheme on the school website.

Priority

3

Responsible Officer

Business Manager

Timescale

3rd February 2017

8 Early Years

Issue/Control Weakness

Funding received for the nursery is not checked at the school to ensure it is correct for all children attending.

Risk

The school may not receive the correct nursery funding.

Findings

The accuracy of the termly funding received from the Council is not verified by the school. As part of the audit the record of funded hours for individual nursery children for Summer term 2016 was checked to nursery attendance records and to Parent Declaration Forms held at the school. All children attending appeared to have been correctly funded and had Parent Declaration Forms in place. However, funding had been received for an additional child who did not appear on the attendance register and had no Parent Declaration Form. This discrepancy was notified to the Council's Early Years Team.

Recommendation

The school should check the termly funding received from the Council to their own records to ensure funding is accurate. A detailed record of the funded children can be obtained from the Council's Early Years team.

Agreed Action 8.1

In future the school will check the termly funding received from the Council against their own records to ensure the funding is correct.

Priority

3

Responsible Officer

Business Manager

Timescale

17th February 2017

9 Inventory

Issue/Control Weakness

There is no signed record of an annual check of the inventory retained by the school.

Risk

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

Findings

An inventory record is maintained by the School and assurance was given that this record is checked on an annual basis. The record of checks is not retained and signed by the officer completing the checks.

Recommendation

The inventory check completed by an officer independent of maintaining the inventory record should be evidenced by retaining a copy of the verified inventory signed by the officer completing the check. 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 9.1

The inventory check will be verified and signed by an officer independent of maintaining the inventory. The record will clearly show which items have been checked.

Priority

3

Responsible Officer

Business Manager

Timescale

17th February 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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