



St Paul's Primary School
City of York Council
Internal Audit Report 2018/19

Headteacher: S Goyea
Date Issued: 26th April 2019
Status: Final
Reference: 15691/016

	P1	P2	P3
Actions	0	2	8
Overall Audit Opinion	Reasonable Assurance		

Summary and Overall Conclusions

Introduction

This audit was carried out on 26th and 27th February as part of the Internal Audit plan for Children, Education and Communities for 2018-19.

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 procedures in many areas were good. There had recently been a significant amount of work undertaken to ensure that the school holds correct and up to date policies. During the last 12 months, the school has also invested in staff restructure, training and support and in building maintenance work to the school premises in order to improve standards.

There has been a significant amount of expenditure for unplanned additional building work during Summer 2018 and for staff cover during senior leadership training. Although the Head was meeting with the Chair on a regular basis, approval for such expenditure was not always documented. Additionally, the approval for the March 2018 SFVS was not recorded in the governing body minutes. The Terms of Reference for the Finance Committee also required updating to reflect correct delegated authority.

Some issues have been identified regarding purchasing processes, where quotations had not been obtained where necessary and value for money was not always considered during procurement. Also the adequacy of insurances held by contractors directly commissioned by the school had not been verified.

The school has not conducted a full personnel file review and incorrect documentation was being retained in breach of Data Protection and Right to Work legislation.

The school does not currently hold a contract register or an up-to-date inventory. Additionally, staff have been allowed to take laptops and IT equipment home, however there was no agreement in place for this.

During the audit, it was noted that there were eight sets of keys in circulation at the school and this did not include a set under the control of a caretaker. It would be advisable for the school to review the number and the management of keys to ensure that security is not being compromised.

Overall Conclusions

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 Governance

Issue/Control Weakness

The approval of the March 2018 SFVS, by the Full Governing Body (FGB), was not recorded in the committee minutes. The approved Terms of Reference for the Finance Committee currently incorrectly state that the committee can approve the start budget with delegated authority from the FGB.

Risk

Significant decisions are made without the governing body's approval.

Findings

The approval for the March 2018 SFVS was not documented in the governing body minutes. The Terms of Reference for the Finance Committee stated that the Finance Committee were able to approve the start budget with delegated authority, however this is an approval that cannot be delegated to the Finance Committee.

Recommendation

The school should ensure that governing body approval for the SFVS is clearly documented within the minutes taken. The Terms of Reference should be updated and any reference to the Finance Committee approving the start budget should be removed.

Agreed Action 1.1

The 2018 SFVS was approved on 4th February 2019. The minutes for this meeting had not been circulated by the Clerk at the time of the Veritau audit, hence not being available for scrutiny. The 2019 SFVS will be approved at the Governors' meeting scheduled for May. The Terms of Reference have now been amended accordingly and these will also be approved in May's meeting.

Priority

3

Responsible Officer

Headteacher,
Governing Body &
Finance Committee

Timescale

May 2019

2 Financial Management

Issue/Control Weakness

The approval of financial decisions by governors was not always stated in the committee minutes and effective challenge from the governors was not always demonstrated in the minutes.

Risk

Significant decisions are made without the governing body's approval and budgets may be overspent.

Findings

There had been a significant amount of expenditure which was not included in the approved start budget for additional repair and maintenance work during Summer 2018 (approx £15K) and for staff cover to develop the leadership team (approx £12K). Although the Head was meeting with the Chair on a regular basis, where this expenditure was discussed, approval for this additional expenditure was not documented. This expenditure significantly contributed to the predicted £5k revenue deficit outturn at revised budget (compared to the £25K surplus outturn in the start budget). The minutes of the Finance Committee were reviewed and there appeared to be little challenge recorded in relation to the financial information presented.

Recommendation

The governors should ensure that approval for financial decisions are recorded and are specified in the minutes of the Finance Committee and expenditure is challenged where necessary.

Agreed Action 2.1

Any discussions held regarding financial expenditure, at the weekly Headteacher/Chair of Governor meetings, will be minuted, signed and shared with the Chair of Finance. These minutes will then be counter signed by the Chair of Finance to evidence approval. Alternatively, any challenge or scrutiny by the Chair of Finance will be documented and presented to governors for further discussion.

Priority

2

Responsible Officer

Headteacher

Timescale

Immediately

3 Contract Register

Issue/Control Weakness

The school does not currently hold a schedule of contracts.

Risk

Contracts are not monitored and renew automatically, meaning that the school does not receive value for money.

Findings

The school does not currently hold a schedule of contracts. This should record all ongoing contractual arrangements at the school, the value of the contract, contract period, renewal date and notice period. The schedule should be cross referenced to contract documentation and used to plan review to ensure best value is obtained.

Recommendation

The school should compile a schedule of contracts. The schedule should be presented to Governors on an annual basis.

Agreed Action 3.1

The school already holds a file containing all contracts held, however these documents will now be compiled using the CYC contract schedule template that was sent to us following the audit visit. This will allow us to monitor contract values and expiration dates.

Priority

3

Responsible Officer

Finance Manager

Timescale

May 2019

4 Purchasing and Procurement

Issue/Control Weakness

The school had not obtained quotations for some recent high value work. The school was not always considering value for money when making purchases using the BAfS.

Risk

The school does not receive the best value for money and expenditure is increased unnecessarily.

Findings

For a recent refurbishment, the school had failed to obtain quotations for works valued in excess of £5K. It was stated that quotations were not obtained due to time constraints in requiring additional works and the need to re-open the school in time for the Autumn term. However, the school had not obtained a waiver from applying Financial Regulations from the Council. A review of school expenditure also suggested that value for money was not always considered when making purchases using the BAfS.

Recommendation

The school should look to obtain quotations for any work due to take place at a predicted value of £5000 or more. Where quotations cannot be obtained for any reason, a waiver must be obtained from the council. The school should always consider value for money when making purchases to ensure that they are not incurring unnecessary levels of expenditure.

Agreed Action 4.1

The school was already aware of the procedures for seeking quotations for works in excess of £5k. However, this was not carried out in Summer 2018 due to the work initially being quoted as under £5k. The overspend above the £5k threshold was as a result of unforeseen additional work. Since the audit, the school is now aware of the CYC emergency waiver procedures and these will be considered should a similar event occur in the future.

Priority

3

Responsible Officer

Headteacher

Timescale

Immediately

All staff will be required to follow the financial procedure of completing the authorisation forms for all purchases and seek approval from either the Headteacher or Finance Manager. Purchases will not be made without this approval.

5 Insurance Checks

Issue/Control Weakness

The school is not currently checking the insurance held by contractors.

Risk

The school incurs costs in the event of any incident involving an uninsured contractor.

Findings

The school is not currently carrying out checks of insurance for those contractors undertaking work on the school premises.

Recommendation

The school should obtain a copy of the insurance held by a contractor selected to undertake work on school premises. This insurance certificate should be held on file in line with retention guidelines.

Agreed Action 5.1

The school will now check the insurance documentation for all non-CYC contractors. Going forward, a copy of the insurance certificate will be kept on file and a summary page, stating when regular contractor's insurance cover expires, will be introduced.

Priority

3

Responsible Officer

Finance Manager

Timescale

Immediately

6 Recruitment Checks

Issue/Control Weakness

DBS forms had been kept on file for longer than 6 months post-recruitment. Sufficient identification evidence to support Right to Work in the United Kingdom was not always available for staff. However, in other instances, too many forms of ID were unnecessarily retained in personnel files.

Risk

Failure to comply with Data Protection and Right to Work in the UK legislation may incur penalties.

Findings

It was unclear when the last review of personnel files was undertaken. There was evidence of DBS forms being retained for longer than 6 months post-recruitment. Sufficient Right to Work evidence was not available for some staff, however, too many forms of identification had been unnecessarily retained on other personnel files.

Recommendation

The school should ensure that there is a system in place that allows personnel files to be monitored to ensure that documentation is not being incorrectly retained. DBS forms should not be kept for more than 6 months after recruitment.

Documentation to support each member of staff's Right to Work in the UK should be kept in their personnel file throughout their employment.

Agreed Action 6.1

Since the audit visit, a review of personnel files has taken place. The school is confident that all files are now compliant with Data Protection and Right to Work in the UK legislation.

Priority

3

Responsible Officer

Headteacher & Admin Assistant

Timescale

Completed

7 Inventory

Issue/Control Weakness

There is currently no complete inventory in place.

Risk

In the event of theft or significant damage, any insurance claim may be affected.

Findings

The school has started to set up an electronic inventory but this is in the process of compilation and does not currently contain all the information required in an official inventory record.

Recommendation

All items of equipment costing in excess of £100, or of a portable and attractive nature, should be recorded in the inventory record. An independent inventory check should be undertaken on an annual basis. The person undertaking the check should sign and date the inventory.

Agreed Action 7.1

The school has now received the CYC inventory template and work has commenced regarding the recording of any equipment where the value is in excess of £100 and the item is of a portable and attractive nature. The inventory will undergo an annual check and sign-off.

Priority

3

Responsible Officer

Office Manager

Timescale

April 2019

8 IT Agreement

Issue/Control Weakness

There are currently no agreements in place for those members of staff who take school owned IT equipment off school premises.

Risk

The school is unable to monitor the location of certain IT assets. IT equipment is taken off-site and not used or handled correctly.

Findings

The school allowed teachers to take school owned IT equipment off school premises, however there were no signed agreements in place for this arrangement.

Recommendation

The school should adopt an agreement outlining the terms of use for taking IT equipment off school premises. A copy of the agreement should be read and signed by each member of staff choosing to take IT equipment away from the school. These agreements should be reviewed and re-signed annually in order to assess that the correct members of staff are still in possession of these items.

Agreed Action 8.1

Since the audit visit, the school has adopted a School/ Staff ICT agreement and this has been distributed to relevant staff to be signed.

Priority

2

Responsible Officer

Headteacher

Timescale

April 2019

9 Publication Scheme

Issue/Control Weakness

The school has not adopted a Publication Scheme but does have a Guide to Information in place.

Risk

The school does not comply with the Information Commissioners requirements

Findings

The school has adopted a Guide to Information (detailing where school information can be obtained) which is published on the schools website. However this should be an attachment to the Publication Scheme which should also be adopted by the school.

Recommendation

The school should adopt the Model Publication Scheme which is available from the Information Commissioners Website. The Publication Scheme along with the Guide to Information should be published on the school website.

Agreed Action 9.1

The Model Publication Scheme has been adopted by school but as the school website was under development at the time of the audit, this could not be checked. The school's new website is due to be launched mid- April.

A supplementary Guide to Information will also be adopted and published alongside the Model Publication Scheme on the school website.

Priority

3

Responsible Officer

Headteacher

Timescale

April 2019

Further comment by the Headteacher:

In addition to the formal actions in this report, the school has also considered the reference in the key findings and taken action to reduce the number of premises key holders to four members of staff from the previous eight.

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.
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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