



Follow up of the agreed actions from the 2019/20 Danesgate PRU audit report

City of York Council

Memorandum

For: Mark Richardson, Head teacher
Status: Final
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1 INTRODUCTION

- 1.1 A full audit of Danesgate PRU was carried out in 2019/20 and provided a Limited Assurance opinion. Eleven actions were agreed, two at priority two level and nine at priority three.
- 1.2 The implementation dates for all these agreed actions has now passed.
- 1.3 Veritau has carried out a follow up review to confirm that the actions have been completed and the identified issues have been addressed

Scope and Objectives

- 1.4 The main objective of this review is to confirm the agreed actions from the 2019/20 audit have been taken by the PRU and to confirm that the identified issues have been resolved. This involved limited testing in some areas
- 1.5 This review has been carried out remotely.

Key Findings

- 1.6 The majority of the actions have been fully implemented and testing indicated that the issues identified had been addressed.
- 1.7 Good procedures are in place for monitoring the budget position and ensuring effective scrutiny. Bank reconciliations are up to date and salary checks are completed through a service level agreement (SLA) with the PRU. Travel and Parking charges are now routinely paid through the payroll using official claim forms rather than through petty cash.
- 1.8 Invoiced charges appear to be raised promptly and issues with the follow up of overdue debtors have been addressed.
- 1.9 Recruitment documentation has been revised to ensure reference requests no longer ask health related questions and DBS forms retained longer than required under the PRU's document retention schedule have been removed from personnel files.
- 1.10 An up-to-date schedule of service contracts at the PRU is maintained. Testing of a sample of directly commissioned contractors confirmed that the PRU had verified that sufficient insurance was in place.
- 1.11 In a small number of cases the agreed actions have either been only partially implemented or there was no evidence of implementation:
 - The Educational Visits policy and Debt Management policy had not been confirmed as formally approved at the time of the review. A Data Protection/Information Security policy was not in place. Additionally, a copy of the final version of all policies, approved by the Chair of the Management Committee was not retained on file.
 - There is no evidence of quotation/tender opening procedures being correctly applied. A procurement valued over 5K had been completed

since the original audit. However the member of staff completing the procurement had left the PRU and no records of opening could be found.

- Although a full schedule of service contracts is now in place this has not been presented to Governors so that they are aware of all contractual arrangements and have assurance that retendering is appropriately planned.
- It was not clear whether a report on the use of petty cash and how it could be reduced had been presented to Governors. The level of the float remains at £500.
- A schedule recording the date of the physical check of the inventory records and the officer completing the check has not been maintained. Additionally the physical check is not evidenced by a signed and dated copy of the verified inventory.

2 FINDINGS

Policies – Agreed actions 1.1

- 2.1 It was agreed that the schedule of policies would be reviewed and updated to ensure all policies are recorded along with their review date. A copy of the final version of all approved policies, authorised by the Chair of Governors would be retained on file. The four policies identified as not being in place would be adopted by the PRU
- 2.2 It was confirmed that the schedule of policies had been updated and review dates identified. Three of the four identified policies were now in place however the Educational Visits Policy and the Debt Management policy did not appear to have been formally approved (although the Debt Management policy was scheduled for approval at the July management committee meeting). A Data Protection/Information Security Policy still does not appear to be in place for the PRU. Copies of all approved policies authorised by the Chair of Governors are not held by the PRU.

Financial Management – Agreed actions 2.1

- 2.3 It was agreed that the Chair of Governors would ensure that the minutes are an accurate and comprehensive record of the discussions of the budget. The advised format for budget monitoring reports to Governors would be used and the Head teacher and School Business Manager have calendared in a monthly meeting to evidence scrutiny of the monitoring reports.
- 2.4 Committee minutes for the last 12 months were reviewed and discussions of the budget appeared to be comprehensively recorded. A separate Finance & Resources Committee has been set up (first meeting 10/2/21) which receives budget monitoring reports at least termly. It was confirmed that budget monitoring reports were presented to Governors in an appropriate format. Assurances were given that the head teacher scrutinises the budget monitoring reports although this scrutiny was not evidenced. A working party which includes the Head teacher, Chair of Governors and School Business Manager has been set up to scrutinise the budget monitoring before it goes to Full Management Meetings.

Bank Reconciliations – Agreed action 3.1

- 2.5 It was agreed that monthly bank reconciliations would be brought up-to-date, completed promptly and submitted to the LA as required.
- 2.6 It was confirmed that bank reconciliations were now up-to-date and are submitted to the LA.

Contracts, Ordering and Purchasing - Agreed action 4.1

- 2.7 It was agreed that quotations would be held securely, opened together and a record of the opening maintained in accordance with contract procedure rules.

- 2.8 An example of a procurement for photocopier rental valued over 5K was provided by the PRU however the procurement had been carried out by an ex-member and no record of the opening of quotations was found. Therefore it could not be confirmed that this procedure was in place.

Service Contracts – Agreed action 5.1

- 2.9 It was agreed that a full schedule of service contracts would be updated and reviewed annually. The schedule would be presented to Governors so that they are aware of all the contractual arrangements at the PRU and that any retendering has been appropriately planned.
- 2.10 It was confirmed that a current schedule of all services contracts is in place however this schedule had not been presented to Governors.

Contractor Insurance – Agreed action 6.1

- 2.11 It was agreed that a system would be set up to ensure public liability insurance is consistently checked for all directly commissioned contractors undertaking work at the PRU.
- 2.12 Testing of a sample of contractors recently commissioned to undertake work at PRU confirmed that their public liability insurance had been verified and was up-to-date.

Income – Agreed action 7.1

- 2.13 It was agreed that the timeline for raising charges for PRU places would be discussed so that they could be raised more promptly. Receipt of payment would be double-checked against the bank statement and Powersolve statement, and outstanding payment chased immediately.
- 2.14 Sample testing of current invoiced pupil places indicated that charges had been raised promptly. Overdue debts at the time of the audit had been resolved and the aged debt position has significantly improved from around 43K to approximately £15K. Statements in respect of debts are now issued and regular internal meetings are held to review outstanding invoices and the action taken. Sample testing of three overdue invoices (making up about 8K of the 15K total) confirmed that prompt action had been taken to chase these debts.

Recruitment – Agreed action 8.1

- 2.15 It was agreed that reference forms would be updated to remove health related questions. DBS certificates would be removed from personnel files in accordance with the schools document retention schedule
- 2.16 Evidence from a recent recruitment confirmed that reference forms no longer included health related questions. Assurance was provided by the School Business Manager that DBS forms have been removed from staff personnel files.

Payroll – Agreed action 9.1

- 2.17 It was agreed that the School Business Manager would request additional access to the Orovia system and further training so that salaries could be checked and monitored promptly through this system.
- 2.18 These payroll checks are now completed under a bought in service through CYC.

Petty Cash – Agreed action 10.1

- 2.19 It was agreed that a report would be taken to the Governing Body on what petty cash is used for and how it can be reduced. Travel and parking costs are to be paid through staff claim forms rather than through the petty cash system, subject to approval by Governors and consultation with staff.
- 2.20 Staff travel and parking costs are now routinely reimbursed through official staff claim forms. A sample of recent payments from petty cash were examined to confirm this. The PRU has yet to confirm that a report on petty cash was taken to Governors and any action required as a result. It was noted that the petty cash float has not been reduced and remains at £500 although its use has been scaled back during the covid period.

Inventory – Agreed action 11.1

- 2.21 It was agreed that an inventory record would be maintained in the suggested electronic format in accordance with the guidance provided. The inventory record would be verified on an annual basis (by an officer not involved in the maintenance of the record). A signed (PDF) copy of the verified inventory would be retained as well as the current inventory record and a record would be maintained of the date and officer completing inventory checks.
- 2.22 Examination of a sample of inventory records confirmed that records are in the recommended format. Audit was informed that the inventory check is completed by the School Business Manager and a member of the administrative staff when the PAT testing is carried out. However, a schedule confirming the date of the physical check and the officer completing the check is not maintained and the check is not evidenced by a signed and dated copy of the verified inventory.

3 CONCLUSIONS

- 3.1 Six of the eleven agreed actions have been fully completed, with review and re-testing confirming that sufficient work has taken place to address the original findings raised. This includes the four priority two actions.
- 3.2 Four actions are partially completed and one action has no evidence to confirm completion. A revised date for these remaining actions is required to allow for review at a later date.

APPENDIX 1 – OUTSTANDING ACTIONS AGREED

Action No.	Report Ref	Issue	Risk	Agreed Action	Priority	Responsible Officer	Timescale
1	2.2	<p>Two of the identified policies are in place but have not been confirmed as formally approved by the PRU (Educational Visits and Debt Management). One policy does not appear to be in place (Data Protection/Information Security)</p> <p>Copies of each approved policy authorised by the Chair of Governors are not retained on file.</p>	<p>Policies may not be the current version and may not reflect current regulations or the requirements of the Governors</p>	<p>Debt Management Policy was sent to Management Committee on 13/7/21 will be ratified on 21/09/21. Data Protection / Information Security / Privacy notice passed on 23/01/20.</p> <p>Educations Visits has been put on the agenda for 21/09/21.</p>	3	Head Teacher	30 September 21
2	2.8	<p>A procurement valued over 5K had been completed since the original audit however the member of staff completing a procurement had left the PRU and no records of opening of quotations could be found. It therefore could not be confirmed that opening procedures were in accordance with Contract Rules.</p>	<p>The procurement process could be subject to challenge</p>	<p>Contract Rules will be followed in accordance with procedure, ensuring that we record the opening of quotations</p>	3	School Business Manager	30 September 21

Action No.	Report Ref	Issue	Risk	Agreed Action	Priority	Responsible Officer	Timescale
3	2.10	Although a full schedule of service contracts is now in place this has not been presented to Governors to ensure they are aware of all contractual arrangements at PRU and can have assurance that retendering is appropriately planned.	Best value may not be achieved and contracts may be in place that are no longer appropriate.	This will appear on the 12 th Oct 2021 Management Committee Agenda	3	School Business Manager	31 October 21
4	2.20	The PRU has not confirmed whether a report on the use of petty cash, and how this could be reduced, had been presented to Governors and if any action resulting from this was required. The level of the float remains at £500.	Petty cash held in schools is vulnerable to being misappropriated.	Head teacher has put in place a new system that all petty cash is to be signed off by Head teacher before issuing. All Travel & Parking is now reimbursed by Travel & Subsistence Claim Form. There has been a massive reduction in these claims since covid	3	Head Teacher	31 October 21

Action No.	Report Ref	Issue	Risk	Agreed Action	Priority	Responsible Officer	Timescale
5	2.22	A schedule recording the date of the physical check of the inventory records and the officer completing the check has not been maintained. Additionally the physical check is not evidenced by a signed and dated copy of the verified inventory.	Items which are lost or misappropriated may not be identified.	We have now introduced as part of our ½ termly H&S inspection that this will be inspected and a physical check will be carried out and recorded in turn on each building.	3	School Business Manager	31 October 21

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.