

St. Lawrence's CE Primary School
City of York Council
Internal Audit Report 2014/15

Business Unit: Primary Schools,
Headteacher: J. Nellar
Date Issued: 13/10/15
Status: Final
Reference: 15642/002

	P1	P2	P3
Actions	0	0	7
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

This audit was carried out on Wednesday 11th March and Thursday 12th March 2015 as part of the Internal Audit plan for Children's Services, Education & Skills for 2014/15.

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 26th January 2015:

- 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;
- Early Years.
- Security; and
- Safeguarding Arrangements.

Key Findings

The key findings in the audit related to budget approval, cheque signatories, evidencing completion of all pre-employment checks, evidencing tender opening procedures, accounting for free school meals for staff and the completeness of the schools publication scheme.

Overall Conclusions

It was found that the arrangements for managing risk were good with few weaknesses identified. An effective control environment was in operation, but there was 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 Budgetary Control

Issue/Control Weakness

The revised budget approved for 2014/15 included an error in the brought forward balance which significantly increased the recorded expected outturn for the current year and for the three year projections.

Risk

Spending decisions may be made based on incorrect information and an appropriate budget may not be set.

Findings

The expected outturn noted on the revised budget approved by the Resource Management Committee 27/11/14 and presented to the FGB 11/12/14 was inflated by 19K as a result of an error in the brought forward balance from 2013/14. This also inflated the predicted outturn for future years which was already showing a deficit of almost 8K for 2016/17. It was noted however that whilst this may have given an incorrect view of the budgetary position at this point, the error did not transfer to RM Finance or monitoring reports subsequently submitted to Governors. By period 10, variances in income and spend had increased the predicted revenue outturn by approximately 56K.

Recommendation

The budget and forward projection should be fully scrutinised before approval.

Agreed Action 1.1

The recommendation is agreed.

Priority

3

Responsible Officer

Headteacher/Chair of Governors

Timescale

30 April 2015

2 Bank Reconciliation

Issue/Control Weakness

There were a number of unreconciled transactions on the accounts from the previous financial year and several income items which appeared to have remained unreconciled for a number of months.

Risk

Reconciled balances may be incorrectly stated and any anomalies may not be promptly investigated and resolved.

Findings

The monthly reconciliations between the balance at the bank and the balance on the accounts were reviewed. The unreconciled transaction list supporting the bank reconciliation included a number of unreconciled transactions from the previous financial years accounts and some income items that had remained unreconciled for a number of months. Further investigation identified that some of these anomalies were due to duplicate entries into the accounts.

Recommendation

The unreconciled transaction list should be reviewed at each bank reconciliation to identify any anomalies which need investigating or any expenditure items over 6 months old which can be written back to the accounts.

Agreed Action 2.1

The recommendation is agreed.

Priority

3

Responsible Officer

School Bursar

Timescale

30 April 2015

3 Cheque Signatories

Issue/Control Weakness

A governor at the school is a cheque signatory for the BAFS account. It is not clear whether they are covered by the schools Fidelity Guarantee Insurance.

Risk

The school may suffer financial loss.

Findings

The Chair of Governors is a cheque signatory for the school bank account. The school has insurance cover through the Diocese. It was not clear at the time of the audit whether governors were covered by the Fidelity Guarantee Insurance.

Recommendation

The school should verify that the governors are covered by the schools Fidelity Guarantee Insurance. If this is not the case, the Governor should be removed from the bank mandate.

Agreed Action 3.1

The recommendation is agreed.

Priority

3

Responsible Officer

Headteacher/School
Business Manager

Timescale

31 October 2015

4 Ordering, Purchasing & Authorisation

Issue/Control Weakness

There was no formal tender opening record for the cleaning contract procurement.

Risk

Adequate documentation is not retained to confirm compliance with Council Procedure Rules and best practice requirements.

Findings

The recent tender process for the cleaning contract was reviewed. It was noted that there was no formal record of the opening of tenders to record the value of the tenders received, the date and time of opening and signed by the opening officers.

Recommendation

The school should ensure that a tender opening record is completed for future tender exercises.

Agreed Action 4.1

The recommendation is agreed.

Priority

3

Responsible Officer

School Business
Manager

Timescale

30 April 2015

5 Human Resources

Issue/Control Weakness

For new starters insufficient evidence is held on file to confirm that the right to work in the UK has been verified.

Risk

The school may be unable to demonstrate compliance with section 8 of the Asylum and Immigration Act 1996 which may result in fines of up to £10,000.

Findings

The personal files for a sample of new starters were reviewed to confirm the completion of the required pre-employment checks. It was found that although there was evidence that documents required to confirm the right to work in the UK had been seen, copies of these documents had not been taken.

Recommendation

In accordance with Home Office guidance, copies of documents used to confirm the right to work in the UK (ie a passport or combination of other relevant documents), should be retained on file.

Agreed Action 5.1

The recommendation is agreed.

Priority

3

Responsible Officer

School Business
Manager

Timescale

30 April 2015

6 xxxxxxxxxxxxxxxxx

Issue/Control Weakness

xxxxxxxxxxxxxx.

Risk

xxxxxxxxxxxxxxxxxxxxxx.

Findings

xxxxxxxxxxxxxx.

Recommendation

xxxxxxxxxxxxxx.

Agreed Action 6.1

The recommendation is agreed.

Priority

3

Responsible Officer

Headteacher

Timescale

31 December 2015

7 Publication Scheme

Issue/Control Weakness

The Information Commissioner's Model Publication Scheme adopted at the school did not include the associated guide to information available from the school (which details the information available, how it can be obtained and any associated costs).

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).

Findings

The school's Publication Scheme adopted by the school was reviewed. The completed associated guide to information did not appear to be part of this approved document.

Recommendation

The Information Commissioner's Model Publication Scheme for schools including the guide to information can be obtained from the ICO website. The scheme should be adopted in full, unedited and promoted alongside the guide to information. The approved Publication Scheme and guide to information schedule should be made available to parents eg published on the schools website.

Agreed Action 7.1

The recommendation is agreed.

Priority

3

Responsible Officer

Headteacher

Timescale

31 December 2015

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.

Where information resulting from audit work is made public or is provided to a third party by the client or by Veritau then this must be done on the understanding that any third party will rely on the information at its own risk. Veritau will not owe a duty of care or assume any responsibility towards anyone other than the client in relation to the information supplied. Equally, no third party may assert any rights or bring any claims against Veritau in connection with the information. Where information is provided to a named third party, the third party will keep the information confidential.