



Fulford Secondary School

City of York Council

Internal Audit Report 2014/15

Business Unit: Secondary Schools,
Service Manager: L Savage
Date Issued: 31/03/15
Status: Final
Reference: 15659/004

	P3	P2	P1
Findings	5	0	0
Overall Audit Opinion	High Assurance		

Summary and Overall Conclusions

Introduction

This audit was carried out on Thursday 4th December and Friday 5th December 2014 as part of the Internal Audit plan for Children, 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 17th September 2014:

- 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;
- Minibus.
- Security; and
- Safeguarding Arrangements.

Key Findings

The key findings in the audit relate to approval of the SFVS, production, ensuring all payments for staff duties are made through the payroll
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Overall Conclusions

It was found that the arrangements for managing risk were very good. An effective control environment appeared to be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided **High Assurance**.

1 Issue/ Control Weakness Risk

The School's Financial Value Standard (SFVS) return had not been ratified by the Full Governing Body before being submitted the LEA. Failure to comply with DfE requirements.

Findings

The SFVS for 2013/14 was discussed and approved at the Finance & Staffing meeting 14/11/13. The return had not been presented to the Full Governing Body. The Governing Body may delegate the consideration of the questions to the Finance or other relevant committee, but a detailed report should be provided to the Full Governing Body and the Chair of Governors must sign the completed form. At the time of the audit the return for 2014/15 had been approved by the Finance Committee for sign off by the Chair of Governors.

Recommendation

The SFVS can be completed at any point in the year and therefore completion should be planned to allow approval and presentation to the Full Governing Body before the notified submission date.

1.1 Agreed Action

The school will ensure this is presented to the FGB for formal approval in the future.

Priority	3
Responsible Officer	School Business Manager
Timescale	Autumn Term 2015

Area Reviewed: Budgetary Control

Severity
Probability



2 Issue/ Control Weakness Risk

There is a significant amount of expenditure at the school relating to staff free meals and internal functions (teas coffees etc). Expenditure may not be appropriately targeted or adequately controlled.

Findings

It was noted that there was an 15K budget for staff free school meals and internal functions (staff tea and coffee and catering for staff events). For the summer term 2014 staff free school meal charges were £1750 (747 meals) and £4,800 on internal functions.

Recommendation

It is advised that the level of this expenditure is reviewed.

2.1 Agreed Action

The level of expenditure is regularly reviewed. The free school meals are provided to staff whilst they are on duty at lunchtime or leading extra curricula activities.

The internal functions are both staff and student celebrations of achievement. This is a much more cost effective way of rewarding dedication and achievement.

Priority

3

Responsible Officer

School Business Manager

Timescale

ongoing

3 Issue/ Control Weakness Risk

The school uses a business charge card previously approved by the LA. Although the use of the charge card is well controlled an appropriate official schools procurement card is now available to schools which would give better control over usage. Inappropriate use of the business charge card.

Findings

The school is currently using a business charge card with a £10K credit limit. Approval had been obtained for the use of this card in the absence of a suitable procurement card scheme being made available through the authority. However a suitable scheme is now in place and an official CYC procurement card can be obtained which allows individual transaction limits and merchant category groupings or types of supplier that the cardholder may use the card with to be set.

Recommendation

The school should apply for an official procurement card with limits approved by the Governors.

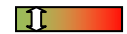
3.1 Agreed Action

The school will action this when the LA have finalised the terms of the new procurement card.

Priority	3
Responsible Officer	School Business Manager
Timescale	As soon as the suitable procurement card is available.

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Severity
Probability



4 Issue/ Control Weakness Risk

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Findings

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Recommendation

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4.1 Agreed Action

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Priority

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Responsible Officer

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Timescale

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5 Issue/ Control Weakness Risk

A number of payments to staff for completing lunch time cover in the Youth Centre have been made through the school's bank account rather than the payroll system. Taxable payments have not been correctly accounted for,

Findings

Several staff have been paid a fee through the BAFS account for lunch time cover at the Youth Centre. Payments made to employees for additional duties are taxable payments and must be made through the payroll.

Recommendation

Arrangements should be made for lunch time cover to be paid through the payroll at an appropriate rate.

5.1 Agreed Action

We have completed the necessary paperwork to put these arrangements in place.

Priority	3
Responsible Officer	Finance Manager
Timescale	Complete

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.
Moderate 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.

Severity

Unlikely to have much impact on the integrity of the system or the effectiveness of controls	Over time, is likely to undermine the effectiveness of controls and/or result in reduced efficiency	Issue is so severe that fundamental controls within the system will not operate effectively exposing the system to catastrophic failure.
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Probability

Highly unlikely to occur (timescales will vary with the system being reviewed)	Likely to occur on a regular basis but not frequently (will vary with the system)	Certain to occur in the near future.
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