



Headlands Primary School Internal Audit Report 2021/22

Headteacher: R Ellis
Date Issued: 21 March 2022
Status: Final
Reference: 15691/019

	P1	P2	P3
Actions	0	0	4
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

This audit was carried out on 1st and 2nd February as part of the internal audit plan for People Directorate for 2021/22. In response to guidance proposed by the Department of Education, key members of City of York Council's finance team and school business management team confirmed they would benefit from period full school audits across the maintained schools in the city. All schools selected for these audits are done so in accordance with a detailed risk assessment.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to governors, the head teacher and management that internal controls within school and its systems are operating effectively to manage key risks both of a financial nature and otherwise.

The audit covered the following areas in accordance with the specification:

- Governance
- Financial management
- System reconciliation
- Contracts – ordering, purchasing and authorisation
- Income
- Capital and property
- Additional school activity provision
- Human resources
- Payroll
- School meals
- Data protection and information technology
- Insurance and risk management
- Inventory records
- Security and
- Safeguarding arrangements.

Key Findings

Overall, systems and controls within the school were working effectively with records clear and well maintained.

A review of governance confirmed that meetings for both the full governing body and the finance committee take place, and are attended, in line with the terms of reference. There is a policy schedule in place that is used so that all policies and delegated permissions remain in

date and relevant to the current school environment. There is a good level of financial transparency throughout both staff and governors in school, with budget monitoring reports produced frequently to enable discussion and scrutiny by governors and members of the finance committee. The correct budget setting and revision procedures are being adhered to and a report by the school business manager (SBM) helps to highlight and provoke discussion around any budget variances. However, three governors were found to not have current declarations of interest documented in school.

Testing of expenditure from the school bank account did not highlight any misuse or inappropriate purchases. There was a good level of evidence to support the correct use of purchase orders where necessary and all goods and services reviewed had been receipted with payments made accurately and promptly. A contract schedule is maintained in school, however this needs expanding to include review and end dates. The schools works with other schools in the area to save money on joint resources and has encouraged all staff to consider best value when considering the purchase of items and services. The school was reminded to ensure that any best value or procurement exercise is documented with evidence of quotations from alternative suppliers retained. The school fund account was off site, undergoing an independent check, at the time of the audit and could not be reviewed.

Income is now almost fully dealt with electronically and is used for school meal money for pupils as well monies due for the use of facilities in letting arrangements. Debt owed to the school was at zero and a standardised approach to debt management is in place should issues arise with late or non-payment. Reconciliations, of the school meal provision by an external catering company, are carried out frequently and any discrepancies are queried immediately. Lettings had been invoiced for by the school and insurance certificates and agreements had been retained to support the use of facilities by any external party. In relation to the checking of insurance, this had also been carried out for any works carried out on school grounds.

A review of the HR files of staff along with pay records confirmed that new starters are added to the payroll promptly and leavers are removed as necessary without delay. A check of the payroll against the current staffing list did not identify any discrepancies and there was evidence to confirm that the staffing budget is reviewed regularly. Overtime is preauthorised by the head teacher and is paid in relation to completed and signed timesheets. Although changes to payroll are reviewed by the head teacher, the payroll output reports are currently being checked solely by an officer who also has access to make changes and submit new information for payment.

Absences are recorded on a central document maintained by the SBM and supporting documentation is retained for maternity and sickness. Return to work interviews are not always being held with staff who are coming back to work following a sickness absence, but daily meetings do make the head teacher aware of any absences in school.

The Department of Education's 'Keeping Children Safe' training is delivered to all staff on induction and an information pack is available to apprentices, volunteers and those on work experience. The head teacher is currently on the MyLo waiting list and has been since 2020 when their Safer Recruitment training expired. As a result of the Covid-19 pandemic, there is a significant backlog of training delivery at the council. The head provided evidence to confirm that alternative training routes had been considered including the NSPCC's delivery of paid-for training. All staff undergo intense training surrounding child protection every three years and refresher days take place annually.

Security of both information and tangible assets is well maintained with data protection procedures in place as well as an inventory of all physical goods. The disposal of records and assets is recorded with certificates received and retained. Veritau Ltd is the DPO (data protection officer) for the school and therefore there is a good level of guidance available to staff and governors in relation to data protection.

Overall Conclusions

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

1 Declarations of interest

Issue/Control Weakness

Declarations of interest were not available for three governors.

Risk

Related party checks cannot be undertaken and governors are able to influence financial decisions that lead to personal gain.

Findings

There were three governors who did not have registered declarations of interest documented in school despite participating in recent meetings. Two of these missing declarations were in relation to new appointments and one related to the annual review of interests for one long standing governor.

Recommendation

School should follow-up the declarations for the three governors as soon as possible. Going forward, the school should seek to obtain declarations of interest for any new governors on the first day of appointment.

Agreed Action 1.1

Clerk of governors has been asked to follow up this action and, going forward, requested to ensure all new governors complete the correct forms on appointment. The current final declarations will be published on the school website when complete.

Priority

3

Responsible Officer

SBM

Timescale

31st March 2022

2 Contract schedule

Issue/Control Weakness

The school's contract schedule does not capture the end dates of contracts held on the notice periods for these.

Risk

Contracts are left to automatically renew and this causes unintentional overspend or spend above any best value sought during a review and procurement exercise.

Findings

A contract schedule is maintained in school and this details the supplier and service. However, the current document does not include the end dates or notice periods of any contracts held.

The current approach is heavily reliant on the knowledge of the school business manager and the contract schedule could not be implemented effectively by another or new member of staff.

Recommendation

The school should expand the contract schedule to include the end dates of the contracts held, as well as any notice periods agreed.

Agreed Action 2.1

The contract schedule now includes a column with date of expiry of contracts and any notice periods agreed. A copy of the schedule is included in the current budget file held in SBM's office and can therefore be accessed if necessary.

Priority

3

Responsible Officer

SBM

Timescale

Completed

3 Return to work interviews

Issue/Control Weakness

Return to work interviews are not being held consistently.

Risk

Issues are not identified efficiently and these are allowed to escalate, leading to further illness and/or action being taken against the school.

Findings

Return to work interviews are not being held consistently with staff coming back to the workplace following a period of absence. At present, the head teacher is the only member of staff hosting the interviews and therefore it is sometimes difficult to hold these on a timely basis.

Recommendation

The school should consider whether another member of staff can be made responsible for holding return to work interviews to alleviate some of this duty from the head teacher. Return to work interviews should be held as soon as possible and preferably on the employee's first day back.

Agreed Action 3.1

Return to work procedure implemented and notified to all staff on 1 March 2022. Going forward, head and deputy head will share the responsibility of holding return to work interviews.

Priority

3

Responsible Officer

Head & SBM

Timescale

Completed

4 Payroll checks

Issue/Control Weakness

Payroll reports are not currently subjected to independent checks of accuracy and validity.

Risk

Amendments to pay are made fraudulently and are not identified meaning the school suffers avoidable financial loss.

Findings

A review of several payroll records confirmed that payments made to staff were done so accurately, appropriately and in relation to any supporting evidence required.

All changes to payroll documents are reviewed by the head teacher, however, the payroll output reports are currently being checked solely by an officer who also has access to make changes and submit new information for payment. If an amendment document was not produced, changes could be made to the payroll that would be undetected without this independent review.

Recommendation

The monthly payroll reports should be checked and countersigned by a second officer who is independent of the data input process against supporting information.

Agreed Action 4.1

From the payroll process for February 2022 onwards, the peri-finance officer will carry out an independent check of the monthly payroll reconciliation reports in addition to the checks carried out by the school business manager.

Priority

3

Responsible Officer

SBM

Timescale

Ongoing

Audit Opinions and Priorities for Actions

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion Assessment of internal control

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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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