

Burnholme Community College
City of York Council
Internal Audit Report 2013/14

Headteacher: Mr S Gumn
Date Issued: 1 April 2014
Status: Final
Reference: 15657/005

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

Summary and Overall Conclusions

Introduction

This audit was carried out on Wednesday 26th February and Thursday 27th February 2014 as part of the Internal Audit plan for Adults, Children and Education for 2013/14.

Objective 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.

Scope

The audit covered the following areas in accordance with the specification issued on 9th January 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;
- Minibus;
- Inventory Records;
- Security; and
- Safeguarding Arrangements.

Key Findings

The key findings in the audit related to governor's declarations of interest, booking forms and evidence of public liability insurance for hirers of school premises, reimbursing petrol costs to staff through petty cash and presentation of school fund accounts to governor's and decisions regarding treatment of school funds in the run up to the closure of the school.

Oral Recommendations

On the day of the audit the auditors also made the following oral recommendations:

- Further detail should be provided for reasons for expenditure when reimbursing staff for costs incurred on behalf of the school.
- Midday supervisory staff are not contractually entitled to a free school meal. If a free meal is provided then payroll should be advised of this to ensure all benefits in kind are accounted for.
- It should be ensured that the staff account aspect of the school fund is brought out of deficit before the school fund closes.
- Ensure staff sign section 3 (return to work interview) of the absence form and, preferably complete this section in more detail, even if just to state 'no further action needed'.
- For all minibus drivers, ensure that copies of the paper counterpart driving licences are retained on file as well as the photocard, to evidence that they have been checked.

The audit also considered the schools arrangements and planning for the closure of the school in August 2014. This included reviewing arrangements for disposal and sale of school assets, arrangements for retention and destruction of information (both in hard copy and information held electronically), handover of responsibility for management of school premises and lettings, management of voluntary funds and arrangements for closing of the fund and dealing with remaining balances.

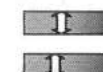
Overall, it was found that the school had identified key tasks relating to these areas and had made reasonable plans, or was aware of the need to make plans and who to contact at the authority, to deal with the closure of the school.

Overall Conclusions

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

Area Reviewed: Declarations of interests

Severity
Probability



1 Issue/ Control Weakness

Risk

Up to date declarations of interest are not held at the school.

Members of the Governing Body and staff at the school may be in a position to influence the placing of contracts in which they have a personal interest and the school may be unable to fully account for purchasing decisions in the event of challenge.

Findings

Up-to-date declarations of interest could not be found for all governors and staff with financial responsibility (i.e. can authorise orders and invoices). Declarations from 2012-13 (mainly completed September 2012) could be found and minutes from the October 2013 full governing body meeting evidence that governors had been asked to complete declarations but these could not be provided during the audit.

Recommendation

It should be ensured that all current governors and all staff with financial responsibility have completed up-to-date declarations of interests and that these are held at the school.

1.1 Agreed Action

These were kept with the clerk of governors and have now been given to the School Business Manager to keep in school.

Priority

3

Responsible Officer

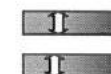
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Timescale

Completed

Area Reviewed: Booking forms for hire of school premises and evidence of public liability insurance

Severity
Probability



2	Issue/ Control Weakness	Risk
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Lettings agreements and evidence of insurance not held on file.

Inappropriate lettings may be agreed and the school may incur costs through failing to cover charges for lettings or through insurance claims.

Findings

For some hirers of the school premises, copies of insurance certificates evidencing £5m public liability insurance was not held on file. In addition, for some, up-to-date booking forms and agreement with the conditions of hire were not held.

Recommendation

A lettings agreement should be in place for all groups using the school and public liability insurance certificates should be checked and held on file to ensure cover is adequate.

2.1 Agreed Action

These have all been updated and relevant forms are now in place.

Priority	3
Responsible Officer	XXXXXXXXXXXXX
Timescale	Completed

Area Reviewed: Petty cash reimbursement of petrol costs**Severity**
Probability**1**
1**3 Issue/ Control Weakness****Risk**

Inappropriate reimbursement of petrol costs.

Penalties may be levied by H M Revenue & Customs for failure to account correctly for mileage expenses.

Findings

It was found that some staff are being reimbursed nominal amounts for fuel costs incurred when on school business and are being reimbursed through petty cash. The school can reimburse petrol costs directly rather than through payroll. However, all reimbursements of petrol costs must be accompanied by a mileage claim and petrol receipts and an annual return must be made to payroll declaring the mileage expenses paid to each employee.

Recommendation

Staff reclaiming for fuel used whilst on school business must submit mileage claims and provide VAT receipts for the petrol used.

3.1 Agreed Action

We have now informed staff who wish to claim petrol expenses that they must fill in the correct forms to claim mileage expenses.

Priority

3

Responsible Officer

XXXXXXXXXXXXX

Timescale

Immediate effect

Area Reviewed: School fund accounts

Severity
Probability

1

1

4 Issue/ Control Weakness

Risk

Governor's review of school funds.

The Governors may not be aware of the financial position of the school fund and the school may be open to challenge about the use of school fund monies if they have not explicitly approved the approach to using monies and closing the fund.

Findings

School fund accounts have not been presented to governors annually and up to the date of the audit governor's minutes did not evidence discussion regarding school fund and plans for its closure. However, it should be noted that recent governor's minutes note that this was to be on the agenda for the next governors meeting.

Recommendation

Governors should review the school fund accounts. They should discuss and minute agreement to treatment of school funds up to closure of the school and for dealing with any closing balances.

4.1 Agreed Action

A full report on the school fund was presented to Governors on the 14th March and will be reported again at the FGM on 14th May. This will be our last scheduled meeting for Governors as all students will be leaving Burnholme on 23rd May.

Governors have agreed on how the school fund will be spent and any money left in the account will be given to the schools our students will be attending once we are closed.

Priority

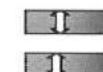
3

Responsible Officer

XXXXXXXXXXXX

Timescale

Completed

Area Reviewed: Publication scheme**Severity**
Probability**5 Issue/ Control Weakness****Risk**

Publication scheme and guide to information needs to be updated.

The school may not be complying fully with the requirements under the Data Protection Act (DPA and Freedom of Information Act (FOIA).

Findings

The school has adopted a publication scheme but this is not the latest version of the model scheme produced by the Information Commissioner's Office (ICO) and released in September 2013. The revised model publication scheme should be adopted and it is recommended that the guide to information held that accompanies this is reviewed and brought up to date as part of the closure of the school to aid the proper management of the information the school holds when it is closed.

Recommendation

The revised version of the Publication Scheme should be formally adopted and approved by the schools Governing Body as soon as possible. This should be minuted for verification and be accompanied by the reviewed and updated guide to information held.

5.1 Agreed Action

The Model Publication Scheme is to be updated using the latest version from September 2013. This will be completed at the Full Governing Body meeting on 14th May 2014.

Priority

3

Responsible Officer

XXXXXXXXXXXXX

Timescale

May 2014

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.

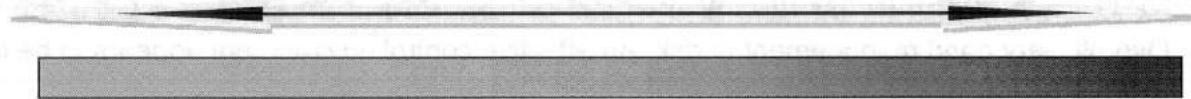
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
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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