

**Carr Junior School**  
**City of York Council**  
**Internal Audit Report 2013/14**

Business Unit: Primary Schools,  
Headteacher: C Ryder  
Date Issued: 11/12/13  
Status: Final  
Reference: 15606/002

	P3	P2	P1
Findings	4	0	0
Overall Audit Opinion	High Assurance		

## Summary and Overall Conclusions

### Introduction

This audit was carried out on Wednesday 23rd October and Thursday 24th October 2013 as part of the Internal Audit plan for Adults, Children and Education for 2013/14.

### Objectives and Scope 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.

The audit covered the following areas in accordance with the specification issued on 4th September 2013:

- 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;
- Security; and
- Safeguarding Arrangements.

## **Key Findings**

The key findings in the audit related to ensuring evidence of compliance with the councils financial regulations when letting contract works is adequately recorded, improvement of the audit-trail between the record of sales for school uniform and the banking records and ensuring inventory checks are adequately recorded.

## **Overall Conclusions**

It was found that the arrangements for managing risk were very good. An effective control environment appears 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**.

## Area Reviewed: Gifts & Hospitality

Severity  
Probability

1

1

### 1 Issue/ Control Weakness

### Risk

Staff and governors at the school may not be fully aware of the Council's requirements in relation to gifts & hospitality and the Register of Gifts & Hospitality may not be properly maintained.

Gifts or hospitality may be received that could influence decisions at the school and officers may be vulnerable to allegations of improper conduct.

### Findings

Although assurance was given that a Register of Gifts & Hospitality is maintained, there was no evidence that the record was current. Staff and governors had not received any recent guidance on the Council's regulations on the receipt of gifts & hospitality.

### Recommendation

Responsibilities in relation to gifts & hospitality should be notified to both staff and governors at the school. It is suggested that the Register of Gifts and Hospitality is "signed off" by the Headteacher (or other nominated officer) on an annual basis to confirm the record is current for the year. A copy of the register and guidance notes can be found in section 27 of the Schools HR Manual (available on the school's portal)

### 1.1 Agreed Action

Governors and staff have been informed about the register and the Headteacher signed off this years.

#### Priority

3

#### Responsible Officer

Headteacher

#### Timescale

31<sup>st</sup> December 2013

## Area Reviewed: Capital and Property

Severity  
Probability

II

II

### 2 Issue/ Control Weakness

### Risk

Works over the value of £5K have been let without three quotations being recorded.

Failure to evidence compliance with the Councils Financial Regulations and Contract Rules.

### Findings

The school has recently undertaken some window replacement works with a current total value of approximately £18K. Only one quotation was on file for these works. Assurances were given that other contractors were approached but had not wanted to submit a written quotation. The chosen contractor had been previously used by the school and was known to provide very competitive prices.

### Recommendation

Where works with a value in excess of £5K but under £30K are let, three quotations (written or verbal) should be obtained and recorded. In the event that the school is unable to obtain three quotations a waiver should be obtained from the Councils Financial Regulations and Contract Rules before the contract is let.

### 2.1 Agreed Action

The Site Manager is aware of the need to have written quotes for work in excess of 5k.

Priority

3

Responsible Officer

Headteacher

Timescale

31<sup>st</sup> December 2013

## Area Reviewed: School Fund

Severity  
Probability

11  
11

### 3 Issue/ Control Weakness

### Risk

Sales of uniform cannot easily be reconciled to income received and payment into the bank.

Income collected for uniform sales may not be fully accounted for.

### Findings

For school uniform sales, the number of items sold from stock are recorded on a monthly stock sheet and income collected is periodically paid into the bank. However, there was no cross reference between the record of sales and the income banked and therefore no evidence that all income from sales had been collected and accounted for.

### Recommendation

It is recommended that the value of sales on each monthly sales record is clearly reconcilable to bankings for that period. This may require the amounts banked to be split when recorded on the income record and in the accounts depending on which sales period they relate to. At any point the income banked and the income on hand should reconcile to the total sales made.

### 3.1 Agreed Action

Monthly banked income for uniform is now agreed with the sales record.

Priority

3

Responsible Officer

Headteacher

Timescale

31<sup>st</sup> December 2013

## Area Reviewed: Inventory

Severity **1**  
Probability **1**

### 4 Issue/ Control Weakness

#### Risk

The independent check of the inventory records is not adequately evidenced.

Adequate inventory controls may not be in place and items which are lost or misappropriated may not be highlighted and investigated.

#### Findings

Assurance was given that the inventory record at the school is physically checked by an officer independent of maintaining the inventory record on an annual basis. However there was no evidence to confirm that this check had been completed.

#### Recommendation

A copy of the verified inventory should be signed and dated by the checking officer and held on file. A log of all annual checks should also be maintained recording the date and the name of the officer completing the check.

#### 4.1 Agreed Action

The inventory was signed on a checking log however as a result of this recommendation each individual page has been signed and dated and will be annually.

Priority	3
Responsible Officer	Headteacher
Timescale	31 <sup>st</sup> December 2013



## 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.

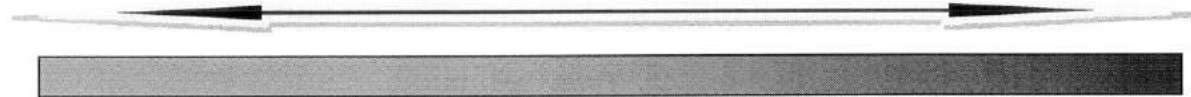
### Priorities for Actions

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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