

Headlands Primary School
City of York Council
Internal Audit Report 2013/14

Business Unit: Primary Schools,
Headteacher: S Wright
Date Issued: 04/02/14
Status: Final
Reference: 15618/002

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

Summary and Overall Conclusions

Introduction

This audit was carried out on Wednesday 27th November and Thursday 28th November 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 22nd October 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 all external users of school premises have a formal agreement in place, all contractors working at the school have adequate and public liability insurance, sufficient evidence is held to confirm that the right to work in the UK has been verified for new staff, and ensuring that XX.

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: Lettings

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

1 Issue/ Control Weakness

Not all users of the school site have a lettings agreement.

Risk

The terms and conditions of the let may be unclear and disputes may occur.

Findings

A review of lettings identified two users of the school site that had not completed booking forms although charges had been raised and insurance details verified.

Recommendation

All lettings should be covered by a signed lettings agreement.

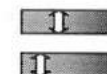
1.1 Agreed Action

Booking forms have been completed and copies of Public Liability Insurance obtained for XX.

Priority	3
Responsible Officer	School Business Manager (SBM)
Timescale	15 January 2014

Area Reviewed: Insurance

Severity
Probability



2 Issue/ Control Weakness

Risk

Contractors directly commissioned to complete works at the school may not have adequate public liability insurance cover. Costs may be incurred by the school in the event of a claim.

Findings

A review of contractors used for minor works highlighted that school does not obtain copies of public liability insurance cover for all contractors undertaking works at the school.

Recommendation

If the school requests a contractor to carry out works at the school, a copy of the contractors insurance certificate should be retained by the school to prove that they have current public liability insurance cover of at least £5 million before any work is carried out. If a contractor is used on a regular basis, a system should be in place to ensure that an up to date copy of the insurance certificate is obtained when the expiry date has been reached.

2.1 Agreed Action

Copies of Public Liability Insurance will be obtained when any works are going to be undertaken by contractors directly commissioned by the School. The SBM will obtain copies of Insurance from the electrician who regularly carries out small works in school and this will be requested annually.

Priority

3

Responsible Officer

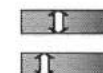
SBM

Timescale

Immediate

Area Reviewed: Human Resources

Severity
Probability



3 Issue/ Control Weakness

Risk

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

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. In one case copies of the documents used to confirm the right to work in the UK had not been taken (although these would have been seen for the DBS check).

Recommendation

Evidence used to confirm the right to work in the UK should be in accordance with the official Home Office guidance and copies of documents used should be retained on file. Where this is a passport it should be ensured that the front cover is also copied.

3.1 Agreed Action

Evidence will be obtained and documents copied and copy kept in employees files (all staff have current CRB or DBS clearance and evidence has been obtained in all cases but copies not kept in all cases). Copies of evidence will be kept in future for all new employees.

Priority

3

Responsible Officer

SBM

Timescale

Immediate

Severity 

Probability 

Risk

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXX.

[illegible]

XX

[illegible]

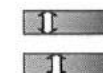
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Headteacher & Chair of Governors

31 July 2014

Area Reviewed: Schools Financial Value Standard (SFVS)

Severity
Probability



5 Issue/ Control Weakness

Risk

The SFVS was not minuted as formally signed off by the Full Governing Body. Failure to fully comply with DfE requirements.

Findings

Completion of the SFVS had been delegated to the Finance & Staffing Committee. Submission to the Full Governing Body had been an agenda item for the meeting held 11/2/13 but at this point the report was incomplete. As the next Governors meeting was after the deadline for submission of the SFVS the completed return was subsequently sent to all governors, approval confirmed by e-mail and signed by the chair of Governors. However the SFVS was not minuted as formally approved by the Full Governing Body at the next meeting.

Recommendation

The SFVS can be completed at any point in the year and therefore completion should be planned to allow approval before the deadline for submission. Formal approval should be clearly minuted by the Full Governing Body.

5.1 Agreed Action

The signed and agreed SFVS will be submitted by 31/01/2014 but will be formally approved and minuted at the next full Governing Body meeting on 24/02/2014. Future SFVs will be completed, approved and minuted before the deadline for submission.

The LA brought the date for submission forward this year to 31 January (previously 31 March) and this year's Finance & Staffing Committee and Full Governing body meetings had already been arranged.

It was also decided to await the findings of the latest audit report before submitting the SFVS this year in case of any actions were needed.

Priority	3
Responsible Officer	Governors/SBM/Headteacher
Timescale	24 February 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.

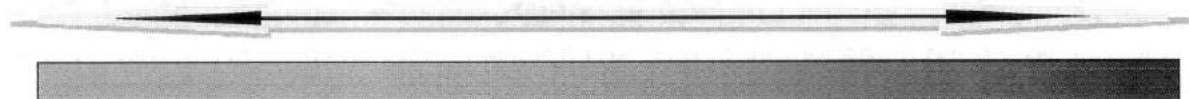
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is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