

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

Business Unit: Primary Schools,  
Headteacher: Mr S Outram  
Date Issued: 03/12/13  
Status: Final  
Reference: 15619/002

	P3	P2	P1
Findings	3	1	0
Overall Audit Opinion	Substantial Assurance		

## Summary and Overall Conclusions

### Introduction

This audit was carried out on Tuesday 10th September and Wednesday 11th September 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 26th June 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 declarations of interests for staff, confirmation of public liability insurance for groups using the school, encryption of lap tops and data sticks and XXXXXXXXXXXXXXXXXXXXXXXX.

### **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: Register of Interests

Severity  
Probability

1

1

### 1 Issue/ Control Weakness

### Risk

Declarations of interests (pecuniary or otherwise) have not been signed by staff with financial responsibilities. Governors and members of staff with financial responsibilities may be in a position to influence the placing of contracts in which they have a personal interest and must therefore ensure that all significant interests are declared.

The school may be unable to fully account for purchasing decisions in the event of challenge.

### Findings

The register of interests for Governors is in place however this has not been extended to include staff with financial responsibilities.

### Recommendation

The school should ensure that all staff with financial responsibilities, in particular those who can sign orders and influence purchasing decisions, sign a declaration of interests on an annual basis.

### 1.1 Agreed Action

The relevant staff have been given a Declaration of Interest form and asked to return it by 24/10/13.

#### Priority

3

#### Responsible Officer

Senior Admin Officer

#### Timescale

24<sup>th</sup> October 2013

## Area Reviewed: Insurance

Severity  
Probability



### 2 Issue/ Control Weakness

### Risk

Contractors directly commissioned to complete works at the school and other groups using 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. Additionally, testing of a sample of lettings highlighted that groups using the school did not have up to date copies of public liability insurance certificates on file.

### 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.

Additionally the school should ensure that all groups using the school (eg under lettings agreements), have a current public liability insurance certificate on file.

### 2.1 Agreed Action

Any current contractors will be asked to forward a copy of their insurance certificate. Any future procurement exercises will include a proviso of providing a copy of the insurance certificate with the quotation.

The school does currently hold copies of public liability insurance certificates on file for any groups using the premises.

### Priority

3

### Responsible Officer

Headteacher/Senior Admin Officer

### Timescale

29<sup>th</sup> November 2013

## Area Reviewed: Data Security

Severity  
Probability

1

1

### 3 Issue/ Control Weakness

### Risk

The school may be holding unencrypted personal data on laptops and data sticks.

Statutory requirements may be breached. The ICO has powers to levy fines of up to £500,000 for the most serious breaches of the data protection act.

### Findings

Personal data may be downloaded onto laptops which may be vulnerable to being lost or stolen. This data is not currently encrypted. It is understood that the school is currently investigating encryption solutions.

### Recommendation

The encryption of laptops and data sticks should be progressed.

### 3.1 Agreed Action

The school is currently awaiting a quotation from Vital (York) Ltd for providing encrypted memory sticks for all staff who hold data on their laptop.

### Priority

2

### Responsible Officer

Headteacher/Senior Admin Officer

### Timescale

8<sup>th</sup> November 2013

Area Reviewed: XXXXXXXXXX

Severity   
Probability

4	Issue/ Control Weakness	Risk
XX	XX	XX
XXXXXXXXXX		XXXXXXX

Findings
XX
XX
XX.

Recommendation
XX.

4.1	Agreed Action
XX	
XX	

Priority	3
Responsible Officer	Headteacher
Timescale	31 January 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.

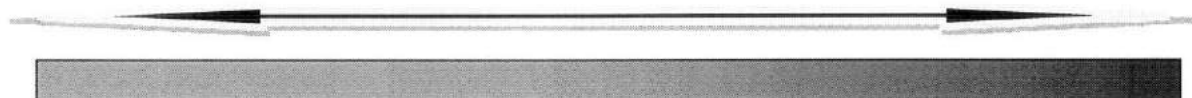
### Priorities for Actions

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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