

Huntington Secondary School
City of York Council
Internal Audit Report 2013/14

Business Unit: Secondary Schools,
Headteacher: Mr J Tomsett
Date Issued: 03/12/13
Status: Final
Reference: 15660/004

	P3	P2	P1
Findings	3	0	0
Overall Audit Opinion	High Assurance		

Summary and Overall Conclusions

Introduction

This audit was carried out on Wednesday 19th June and Thursday 20th June 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 consists of a "health check" incorporating, a follow up of agreed actions from the last report, a review of any significant changes in finance and governance systems since the last audit, and some limited testing covering the areas below:

- Governance;
- Financial Management;
- System Reconciliation;
- Contracts – Ordering, Purchasing and Authorisation;
- Income;
- Capital and Property;
- Human Resources;
- Payroll;
- School Meals; and
- Security.

Key Findings

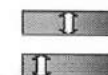
The key findings in the audit relate to the need to obtain an official financial waiver if methods of payment of invoices and charges are to be used that contravene the requirements of the current BAfS Scheme.

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: Payment of Invoices and Charges

Severity
Probability



1	Issue/ Control Weakness	Risk
	The school makes some payments from the school bank account through BACS and also some payments using a debit card. The use of these methods of payment is not authorised under the BAfS scheme.	The school is in breach of the BAfS Scheme. Additionally, there is an increased risk of unauthorised payments when a debit card is used.

Findings

The school uses BACS payment for some regular suppliers. Adopting this method of payment contravenes the current BAfS scheme. BACS payments are not automatically supported by the current accounting software, however, the operation of this system at the school was reviewed and found to be well controlled. The Authority is currently procuring more up to date accounting software for schools and it is a requirement of the new system that is capable of making BACS payments via all the banks at which schools hold current accounts. When this software has been purchased the BAfS scheme will be updated to take this into account together with any other changes needed for consistency with the new software. However, in the meantime an official waiver from the Authority will be required to operate this system at the school.

The school also has a debit card which is used where a card payment is required (mainly on-line purchasing from Amazon). This is not allowable under the BAfS scheme. The value of individual transactions and the monthly spend is limited, and the card is held securely in the safe when not in use. However, no requirement for dual authorisation of the transaction can be set up. Additionally, it was considered that the spend limits of the card may be too high given the lack of dual authorisation (at £1K per transaction and £10K in the month).

The debit card is used by the school rather than an official purchasing card (which incorporates more safeguards than a debit card) as the transaction values allowed under the procurement card scheme were too low to make it useful to the school. However, from September the Procurement Card Scheme will have the requirement that the Governors approve limits to both monthly spend and individual transactions. Setting appropriate limits should now make its use viable for the school.

Recommendation

The school should apply for a Financial Waiver (approved by the authority) in order to operate BACS payment.

1.1 Agreed Action

A waiver has been applied for from CYC.

Priority	3
Responsible Officer	Finance Director
Timescale	1 st September 2013

Recommendation

The debit card should be replaced by an official procurement card with appropriate limits to monthly spend and individual transactions approved by the Governors.

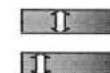
1.2 Agreed Action

A procurement Card has been applied for via CYC.

Priority	3
Responsible Officer	Finance Director
Timescale	1 st September 2013

Area Reviewed: Lettings

Severity
Probability



2 Issue/ Control Weakness

Risk

Not all groups using the school have evidence on file to confirm they have current and adequate public liability insurance cover. Costs may be incurred by the school in the event of a claim.

Findings

Testing of a sample of lettings highlighted that some groups using the school did not have copies of public liability insurance certificates on file or the period of insurance had expired and a current certificate had not been requested.

Recommendation

For any groups using the school (eg under lettings), a copy of the insurance certificate should always be obtained to confirm that they have at least £5m public liability cover. If the group does not have adequate insurance, cover may be obtained through the council and an additional charge made to cover this cost on the lettings invoice.

For regular lettings at the school 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 insurance details will be requested and kept up to date.

Priority

3

Responsible Officer

Community Sports Officer

Timescale

Immediate

Area Reviewed: Freedom of Information

Severity 
Probability 

3	Issue/ Control Weakness	Risk
	The Publication Scheme adopted by the school does not include the separate guide to information schedule (detailing what information is available and how it can be obtained).	The school may not be complying fully with the requirements under the Data Protection Act (DPA), Environmental Regulations (EIR) and Freedom of Information Act (FOIA) and statutory requirements may be breached.

Findings

The school has adopted the Information Commissioners Model Publication Scheme however the separate guide to information schedule, (which details where information relating to the school can be obtained and any related charges), has not been attached or made available to parents.

Recommendation

The Information Commissioners Model Publication Scheme for Schools including the guide to information can be obtained from the ICO website using the following link Publication Scheme. The scheme should be adopted in full, unedited and promoted alongside the guide to information. The approved Publication Scheme and guide to information schedule should be made available to parents eg published on the schools website.

3.1 Agreed Action

This will be completed and presented at the next Full Governors' meeting for adoption.

Priority	3
Responsible Officer	Finance Director/ Clerk to Governors
Timescale	4 th 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.

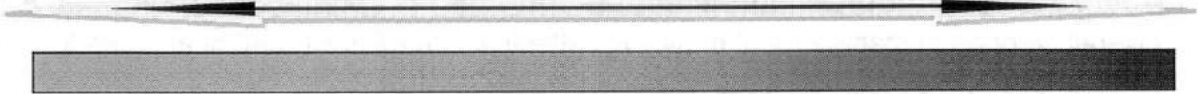
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is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