

Huntington School
City of York Council
Internal Audit Report 2017/18

Headteacher: Mr J Tomsett
Date Issued: 02/05/18
Status: Final
Reference: 15692/005

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

Summary and Overall Conclusions

Introduction

This audit was carried out on Tuesday 20th and Wednesday 21st March as part of the Internal Audit plan for Children, Education and Communities for 2017/18. Schools are audited in accordance with a detailed risk assessment.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to Governors, the Headteacher and management that procedures and controls in the areas listed below are working adequately and are well controlled.

The audit reviewed processes and transactions in the following areas:

- Governance and Financial Management
- System Reconciliation
- Banking Arrangements
- Contracts, Purchasing and Authorisation
- Income
- Capital and Property
- Extended Schools Provision
- Human Resources
- Payroll and Staff Costs
- School Meals
- Pupil Numbers
- Data Protection and Information technology
- Insurance and Risk Management
- Joint Use Facilities
- Inventories – procedures only
- Safeguarding
- Minibus

Key Findings

Good controls are in place over the financial records and to ensure accurate financial information is presented to Governors. However, a recommendation to separately report on the financial position of the research school was made to improve the clarity of financial information regularly presented to the Finance Committee.

Financial returns are completed on time and have adequate supporting documentation but it is recommended that bank reconciliations are independently verified and signed by a suitable independent officer (the Headteacher or someone at a senior level).

A register of Interests is held for staff with financial responsibilities however the school needs to ensure the register is complete for all relevant staff.

Effective controls are in place for the recruitment of staff, the administration of the payroll, and staff absence.

The school is currently reviewing its data protection and information governance policies and procedures and appears to be making good progress to ensure compliance with GDPR.

Effective controls over procurement are in place. Limited testing of significant procurement (over 5K) was carried out during the audit. No issues were raised. Review of on-going contracts was evidenced however re-tendering of some larger contracts may be due to ensure value for money is achieved by the school.

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.

1 Financial Management Policy

Issue/Control Weakness

The Financial Management policy setting out delegated authority levels has not been ratified by the Full Governing Body.

Risk

The delegation of powers to the Headteacher and staff at the school is not in accordance with the wishes of the Governing Body.

Findings

The school's Financial Management policy, which includes the delegation of powers to the Headteacher and to post holders at the school, has been reviewed and approved by the Finance Committee but has not been ratified by the Full Governing Body. The terms of reference of the Finance committee have been separately ratified at the November meeting.

Recommendation

The revised Financial Management policy should be submitted to the Full Governing Body and approval clearly recorded in the minutes.

Agreed Action 1.1

The Finance Management Policy will be reviewed by Finance Committee at the September meeting and submitted to the next Full Governing Body meeting for approval.

Priority

3

Responsible Officer

Finance Director

Timescale

31.10.18

2 Bank Reconciliations

Issue/Control Weakness

Bank reconciliations are not independently verified and signed.

Risk

The bank account may not be well managed and any irregularities or discrepancies may not be identified and addressed promptly.

Findings

Reconciliations between the balance of funds at the bank and the balance of the school accounting records are completed on a monthly basis. These reconciliations are signed by the officer producing the reconciliations. The reconciliations and the supporting documents are not passed to the Headteacher or other suitable officer to be independently verified and signed.

Recommendation

A suitable independent officer should sign the bank reconciliations after checking to the supporting records.

Agreed Action 2.1

The Headteacher will sign off the bank reconciliation monthly.

Priority

3

Responsible Officer

Finance Director

Timescale

30.04.18

3 Financial Reporting

Issue/Control Weakness

Budget monitoring information reported to the Finance Committee does not routinely include a separate update on the operations of the research school.

Risk

Governors may not be aware of the financial position of the research school, its operational costs, income generated and overall effect on the school budget.

Findings

The research school does not as yet have a separate budget or financial monitoring report submitted to the Finance Committee but is monitored as part of the whole school budget. The research school currently generates in the region £150K in income (including funding). Costs are not separately identifiable from the schools general budget monitoring. However, a profit and loss account for the research school was submitted to the Finance Committee meeting of 24/1/18.

Recommendation

It is recommended that the financial position of the research school is an agenda item at each Finance Committee. At minimum this should include a report of actual and projected income and expenditure against budget and progress against the business plan.

Agreed Action 3.1

This has already been agreed with the Finance Committee and will be presented at least once a year in detail, but will be looked at termly as part of the main school accounts.

Priority	3
Responsible Officer	Finance Director
Timescale	31.03.18

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.
Reasonable 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.

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