



Fishergate Primary School Internal Audit Report 2021/22

Headteacher: T Clarke
Date Issued: 1 June 2022
Status: Final
Reference: 15691/020

	P1	P2	P3
Actions	0	2	4
Overall Audit Opinion	Reasonable Assurance		

Summary and Overall Conclusions

Introduction

This audit was carried out on 7 and 8 April 2022 as part of the internal audit plan for People Directorate for 2021/22. In response to guidance proposed by the Department of Education, key members of City of York Council's finance team and school business management team confirmed they would benefit from periodic full school audits across the maintained schools in the city. All schools selected for these audits are done so 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 internal controls within school and its systems are operating effectively to manage key risks both of a financial nature and otherwise.

The audit covered the following areas in accordance with the specification:

- Governance
- Financial management
- System reconciliation
- Contracts – ordering, purchasing and authorisation
- Income
- Capital and property
- Additional school activity provision
- Human resources
- Payroll
- School meals
- Pupil numbers
- School fund
- Data protection and information technology
- Insurance and risk management
- Inventory records
- Security
- Safeguarding arrangements and
- Early years.

Key Findings

A review of the school's governance procedures confirmed that meetings for both the full governing body and the finance committee are held and attended in line with the terms of reference. There is a policy schedule in place and evidence to support review and authorisation

of key policies by governors. However, the policy schedule made available during the audit referred to some 2020 and 2021 review dates; indicating the document requires a brief update to reflect the most recent position.

There is a good level of financial transparency throughout both staff and governors in school, with budget monitoring reports produced frequently to enable discussion and scrutiny by governors and members of the finance committee. The correct budget setting and revision procedures are being adhered to and a report presented at each meeting, by the school finance manager (SFM), helps to highlight and provoke discussion around any budget variances. However, it was confirmed that the latest SFVS (School Financial Value Standard) return had been submitted to the local authority before ratification and authorisation by governors. Up to date declarations of interest were available for all governors and members of staff with financial authority, however the most recent declarations of interest are yet to be posted on the school's website.

Testing of expenditure from the school bank account did not highlight any misuse or inappropriate purchases, and monthly reconciliations of the account could be provided. There was a good level of evidence to support the correct use of purchase orders where necessary and, for all of the transactions reviewed, goods had been receipted and payments had made accurately and promptly. A contract schedule is maintained and is updated accordingly to ensure the school can monitor any agreements held with providers.

A review of the use of the two school procurement cards confirmed that the types of expenditure carried out using these cards is appropriate to school and proof of purchases were consistently available. However, it was confirmed that these cards are often used by members of staff who are not named cardholders and, in addition, transaction logs are not always maintained and completed by the card user. A brief review of the school fund was carried out and this confirmed that the account is independently checked and the transactions within this account are appropriate.

The school is continuing to drive towards a cashless environment and encourages the use of electronic income methods for school meal payments and the collection of money from lettings. Reconciliations, of the school meal provision by an external catering company, are carried out frequently and any discrepancies are queried immediately. The school does still collect some cash, however insurance limits are adhered to and banking takes place frequently enough to ensure breaches of these limits are avoided. The school has no issues with debt and a standardised approach to debt management is in place should issues arise with late or non-payment. Invoices in respect of lettings are sent promptly to hirers and insurance certificates and agreements are retained to support the use of facilities by any external party. Sufficient insurance is also provided to the school by the local authority and covers events including school trips.

A review of several staff HR files, along with pay records, confirmed that new starters are added to the payroll promptly and leavers are removed as necessary without delay. A check of the payroll against the current staffing list did not identify any discrepancies and there was evidence to confirm that the staffing budget is reviewed regularly. Overtime is preauthorised and is paid in relation to completed and signed timesheets. The school's approach to the payroll process helps to ensure a separation in key duties, for example, between inputting and authorisation.

Absence records are well maintained and allow for any absence triggers to be identified and reported to management. A review of instances of absence confirmed that the payroll provider is notified promptly of any sickness or leave and the correct supporting documentation is obtained from staff and held on file in line with retention guidelines. However, it was evident that return to work interviews had not taken place for a significant amount of time, despite there being several long term absences and one absence specifically relating to an injury at work.

Security of both information and tangible assets is well maintained with data protection procedures in place as well as an extensive inventory of all physical goods. However, the school should now ensure that independent checks of inventory items are carried out on an annual basis; with records of these checks maintained. The school should also consider adopting a log of items and equipment taken off-site by staff, as well an agreement that stipulates the terms and conditions of doing this. Veritau Ltd is the DPO (data protection officer) for the school and therefore there is a good level of guidance and support available to staff and governors in relation to data protection.

A review of whole-school pupil numbers and the arrangement for early years' provision, confirmed that the correct checks are carried out and the appropriate documentation is held on file to support key information relating to the pupils, their attendance and any relevant funding.

Safeguarding procedures in school require governors to complete online training every year and this was last carried out in September 2021. All staff in school undertook safeguarding refresher training in January 2022 and the three safeguarding leads have all recently completed the appropriate lead training and a safer recruitment course. In relation to safer recruitment, the school should ensure that all members of staff have the correct evidence on file to support their Right to Work in UK status.

Overall Conclusions

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Reasonable Assurance.

1 SFVS

Issue/Control Weakness

The latest SFVS return was submitted to the local authority before review and authorisation by the governing body.

Risk

The financial information submitted as part of SFVS return is inaccurate and any potential issues are not identified.

Findings

A review of governance procedures confirmed that the SFVS for the March 2022 deadline was submitted to the local authority on 28 February 2022, however the document was not authorised by the governing body until 28 March 2022. This therefore means that the SFVS return was completed and returned to the local authority before review and sign off. The meeting to authorise the SFVS was held just three days prior to the submission deadline and this would suggest that any issues, raised by governors in relation to the return, would not be dealt with and rectified before the cut-off point.

Recommendation

The SFVS should be completed in sufficient time to allow for proper review and discussion by governors. The authorisation of the return should be granted by the full governing body and this decision should be recorded in the meeting minutes accordingly.

Agreed Action 1.1

The finance committee discussed the SFVS on 28 April 2022 and agreed that the SFVS template will be circulated prior to the appropriate finance committee meeting. This completed template will then be presented for discussion between governors, SFM and the headteacher two months prior to the next deadline.

Priority

3

Responsible Officer

School Finance Manager

Timescale

31 January 2023

2 Procurement cards

Issue/Control Weakness

The two school procurement cards are currently used by multiple people who are not the named card holders. Transaction logs are not always maintained by the card users.

Risk

Action cannot be taken in the event of inappropriate or fraudulent use of the card due to a lack of accountability.

Findings

There are currently two procurement cards in use at the school. These cards are registered in the names of the head and the office manager, however the cards are often used by other members of staff both on and off site. Transaction logs are not consistently maintained by the card holder and are instead completed by the school business manager once the corresponding bank statements have been received. This method of completing the logs means that the transactions are listed to match those on the bank statements and, as a result, this does not allow for effective reconciliation that would highlight any unauthorised use of the card.

Recommendation

A review of the cards should be undertaken to identify whether the current card holders are appropriate. A business case should be submitted to the governors stating any new nominated card holders and the associated card limits. If and once authorised, the school should ensure that only the named card holder is responsible for transactions carried out on that card. Transaction logs should be maintained by the card holder, checked and then submitted for independent reconciliation on a monthly basis. The council's card user agreement and policy should be signed and adhered to.

Agreed Action 2.1

The procurement card procedure was discussed at the finance committee meeting held on 28 April 2022. Governors, the SFM and the headteacher agreed that the registered cardholders would be amended to keep the administration of the cards in the office. The SFM and SOM (school office manager) will have cards in their names and the consolidated transaction sheets will be checked and signed off by the headteacher on a monthly basis. The change of details form has been completed and forwarded to the school finance team at the council.

Priority

2

Responsible Officer

School Finance Manager

Timescale

30 June 2022

3 Return to work interviews

Issue/Control Weakness

Return to work interviews are not being carried out following periods of staff absence.

Risk

The statutory duty of care to employees is breached and the school faces litigation.

Findings

Absence records are well maintained and supporting evidence is collected and retained appropriately. However, on further review, it was confirmed that return to work interviews are not taking place despite cases of staff returning from long periods of absence. One member of staff suffered an injury in the workplace that led to an absence of around seven weeks, this employee did not receive a return to work interview.

Recommendation

A return to work interview should be held promptly for all members of staff returning to the workplace following a period of sickness absence. This interview should be recorded alongside the self-certification document and should be signed by both people.

Agreed Action 3.1

This form is now being completed by the headteacher / deputy headteacher within 24 hours of the member of staff returning to work from an absence of any length.

Priority

2

Responsible Officer

Headteacher

Timescale

31 May 2022

4 Inventory checks

Issue/Control Weakness

Independent checks of the inventory are not currently carried out on an annual basis.

Risk

Theft or loss of school property is not identified and the school suffers financial loss.

Findings

The school business manager currently maintains an extensive and detailed inventory. However, the inventory is not currently subjected to independent checking on a regular basis.

Recommendation

An independent check of a sample of inventory items should be carried out on an annual basis. The details of this independent check should be recorded.

Agreed Action 4.1

This matter was discussed at the finance committee meeting on 28 April 2022. A form has been produced and this check will be carried out annually by either one of our site managers or the chair of governors.

Priority

3

Responsible Officer

School Finance Manager & Chair of FGB

Timescale

31 July 2022

5 IT user log and agreements

Issue/Control Weakness

There is currently no log or user agreement in place to cover the removal of school-owned IT equipment from the school site.

Risk

Theft or loss of physical items and / or data.

Findings

School staff are allowed to remove IT equipment from the premises and use this equipment at home. However, there is currently no log in place to identify exactly who is responsible for equipment taken off-site. In addition, there are no user agreements in place to stipulate the terms and conditions of this arrangement, for example, safe storage of the equipment.

Recommendation

The school should maintain a log of the equipment that is off-site with a member of staff and also introduce an agreement that clarifies the terms and conditions of using IT equipment at home to ensure safe use and storage.

Agreed Action 5.1

A user agreement and log will be implemented to ensure all staff who use IT equipment off-site have signed to confirm they are aware of the safe use and storage of school equipment and understand their responsibilities.

Priority

3

Responsible Officer

School Finance Manager

Timescale

31 July 2022

6 Right to Work in UK checks

Issue/Control Weakness

Not all members of staff had Right to Work in UK evidence held on their HR files.

Risk

The school incurs fines for not complying with employment legislation.

Findings

A review of staff files confirmed that not all members of staff had the Right to Work in UK evidence available to support their employment status.

Recommendation

A review of the staff files should be carried out to identify any member of staff without the correct documentation available. The correct documentation should be sought so that every member of staff's Right to Work in UK status can be evidenced clearly.

Agreed Action 6.1

Some of the personnel files have been updated but current staff will be made aware they should bring their documentation prior to the end of the summer term.

Priority

3

Responsible Officer

School Office Manager

Timescale

31 July 2022

Audit Opinions and Priorities for Actions

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion Assessment of internal control

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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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