



# Ralph Butterfield Primary School

## City of York Council

### Internal Audit Report 2019/20

Headteacher: E Clark  
Date Issued: 24/01/20  
Status: Final  
Reference: 15691/018

	P1	P2	P3
<b>Actions</b>	<b>0</b>	<b>1</b>	<b>5</b>
<b>Overall Audit Opinion</b>	<b>Substantial Assurance</b>		

# Summary and Overall Conclusions

## Introduction

This audit has been carried out as part of the Internal Audit plan for Children, Education and Communities for 2019/20. Schools are audited in accordance with a detailed risk assessment.

## Objectives and Scope of the Audit

The purpose of this audit is 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
- School Fund
- Data Protection and Information technology
- Insurance and Risk Management
- Joint Use Facilities
- Inventories
- Safeguarding

## Key Findings

Processes in the most areas reviewed were generally working well, and records were clear and well maintained.

Good procedures are in place for managing the budget with balances that seem reasonable and consistent. However it was noted that caretaking contract (12K) had been not been included in the current years start budget although this was corrected for revised budget

Current declarations of interest for staff were available at the school but the current register of interests for Governors could not be found, although there was evidence of annual renewal of declarations. It was also noted that full disclosure of Governors declarations had not been published on the schools website. No register of gifts and hospitality had been maintained at the school.

In the schools recruitment process, health related questions need to be removed from reference requests made before making a conditional job offer, and evidence used to confirm the right to work in the UK must be retained on file.

VAT had not been correctly accounted for on adult meals for the current year (since the introduction of parentpay) and an adjustment should be made. It was also noted that school meals were made available to catering staff but the cost was not identified separately in the school budget or identified as a benefit in kind for tax purposes.

Some additional minor issues were identified and discussed at the closing meeting with no formal recommendations made. These included ensuring that approval of the SFVS is clearly evidenced in the Full Governing Body minutes and closing of the school's catering account, with school meals payments to be made direct to the BAFS account.

## **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.

# 1 Register of Gifts & Hospitality

## Issue/Control Weakness

A Gifts and Hospitality Register has not been established in which details of any gifts or hospitality received can be recorded.

## Risk

Gifts may have been received that could influence purchasing decisions and Governors and staff at the school may be vulnerable to allegations of improper conduct in relation to the acceptance of gifts and hospitality.

## Findings

The school did not have a Register of Gifts and Hospitality. Staff and Governors should be aware of the Gifts & Hospitality policy and when recording in the register is necessary.

At the time of the audit three significant cash gifts had been received at the school from a parent. Correct procedures had been applied and the cash is to be paid into the school fund and Kids Club. This needs to be recorded in the register to ensure transparency.

## Recommendation

A Register should be introduced as soon as possible and appropriate items recorded. It is recommended that the register is signed off annually by the Headteacher and if no items are received a nil return should be signed.

## Agreed Action 1.1

The three significant cash gifts have been recorded in a Register of Gifts and Hospitality. The school will ensure that any future gifts are added in compliance with the policy and an annual sign off of the register will be carried out by the Head Teacher. Following email guidance received after the reporting of the cash gifts, it was detailed on the email what the sum of the cash gifts were and the conversation with the donator who agreed for the cash to be paid into the School Fund and Kids Club. No previous gifts have been received which would require entering into the Register of Gifts and Hospitality.

<b>Priority</b>	3
<b>Responsible Officer</b>	School Business Manager
<b>Timescale</b>	Complete

## 2 Register of Interests

### Issue/Control Weakness

The current register of interests for Governors could not be found at the school.

### Risk

Members of the Governing Body may be in a position to influence the placing of contracts in which they have a personal interest and the school may be unable to fully account for purchasing decisions in the event of challenge.

### Findings

Although there was evidence that the register of interest for Governors had been renewed for the current year (in the FGB minutes) the declarations could not be found at the school. It was confirmed by the SBM that if these could not be found the Governors would be asked to redo their declarations.

It was also noted that the Governor declarations were not recorded in full on the schools website as required by the statutory guidance for governing bodies of maintained schools.

### Recommendation

Declarations of interest for Governors for the current year must be available at the school. They must also be published in full on the schools website.

### Agreed Action 2.1

Due to the absence of the Clerk to the Governing Body the declarations of interest for the governors could not be found. There were declarations from September 2018 but the ones for September 2019 have had to be re-done. Some of those have now been received and SBM will chase up the others. These will be made available to the school and will be published in full on the schools website.

**Priority**

3

**Responsible Officer**

School Business  
Manager/Headteacher's  
PA

**Timescale**

31<sup>st</sup> January 2020

### 3 VAT

#### Issue/Control Weakness

VAT on adult school meals has not been accounted for in the current financial year.

#### Risk

HM Revenue & Customs may penalise the school for failing to account for VAT correctly.

#### Findings

The Parent Pay cashless system for the collection of school meals income was introduced from April 19. Since its introduction the school has not accounted for the VAT on adult meals. VAT on adult meals had been correctly accounted for in previous years.

#### Recommendation

VAT must be accounted for correctly on all adult paid meals. A report on adult paid meals can be obtained through the parentpay system and an adjustment made through the schools finance system to show the net amount of the meal and the VAT that is applied to ensure and the school's VAT return is correct. This adjustment should be notified to the Councils VAT officer.

#### Agreed Action 3.1

There has been only a small number of adult paid meals taken since the introduction of Parent Pay. The Councils VAT officer will be contacted concerning any VAT adjustment that may be required. Reports will be routinely obtained from Parent Pay to establish the number of staff paid meals from January 2020 and VAT applied accordingly to ensure the school's VAT return is correct.

#### Priority

3

#### Responsible Officer

School  
Secretary/School  
Business Manager

#### Timescale

31<sup>st</sup> January 2020

## 4 Recruitment Checks

### Issue/Control Weakness

The school issues a reference request, prior to making a conditional job offer, which asks about health related absences. Additionally copies of the documentation used to confirm the right to work in the UK are not held on file.

### Risk

Failure to comply with Government legislation

### Findings

As part of the recruitment process, prior to making a conditional job offer the school uses non-standard reference requests that ask health related questions. This contravenes the requirements of the Equalities Act 2010 relating to recruitment and health questions.

Additionally, although documents confirming the right to work in the UK are checked as part of the recruitment process, copies of the documents used are not certified and retained on file.

### Recommendation

Health related question should be removed from the reference request issued before a job offer is made. A pro-forma reference request (which does not ask health related questions) is available on the York Education Website (HR Section).  
Copies of documents used to confirm the right to work in the UK must be held on file and properly certified. Guidance on allowable documents and the certification process are available in the Employers Guide to Right to Work Checks on the Gov.uk website or on the York Education Website (HR section).

### Agreed Action 4.1

The reference template used was an adaptation by previous headteacher. The school have now adopted the reference request pro-forma from the York Education Website. Copies of documents used to confirm the right to work in the UK will be held on file and properly certified from the next recruitment exercise which is due to take place shortly and from then on.

**Priority**

2

**Responsible Officer**

School Business  
Manager/Headteacher's  
PA

**Timescale**

31<sup>st</sup> January 2020

## 5 Contracts

### Issue/Control Weakness

Free school meals are offered to catering staff.

### Risk

Costs are not fully identified and overspend of the budget may occur

### Findings

The school has in house catering. A free school meal is currently offered to catering staff. The cost of these meals is not currently identified in the schools budget and could constitute a taxable benefit in kind to these staff.

### Recommendation

If the school wants to continue this policy they should ensure it has been approved by Governors and any cost is accounted for in the school budget. The schools HR advisor should also be contacted to establish whether this is a taxable benefit to these staff.

### Agreed Action 5.1

This was discussed at the Finance, Staffing and Premises Meeting held on 10<sup>th</sup> December 2019 and the Governors decided that Midday Supervisor Assistants would be informed in January that from April 2020, they would no longer be entitled to a free school lunch.

#### Priority

3

#### Responsible Officer

Governors/Headteacher

#### Timescale

31<sup>st</sup> January 2020



## 6 Inventory

### Issue/Control Weakness

The annually verified inventory document is not currently retained in school and the deminimis level for recording items set at an inappropriate level.

### Risk

Items which are have been lost or misappropriated may not be investigated. The deminimis level for the inventory may not be set at an appropriate level for insurance purposes.

### Findings

When the annual independent check of the inventory takes place the school does not currently retain the original checking record showing that each item has been verified. There is therefore no evidence that all items from the original record have been traced. It was noted that the deminimis level, below which items are not routinely recorded on the inventory, has been set at £500. Although some items valued below this had been recorded, this may not be a suitable level for the school to apply in the event of having to provide evidence in the event of an insurance claim.

### Recommendation

The annual inventory checking record should be retained in school and signed and dated by the independent checking officer. The deminimis level for the inventory should be reviewed and it should be ensured this is set at a suitable level in the event of an insurance claim.

### Agreed Action 6.1

Discussion took place at the Finance, Staffing and Premises Committee Meeting on 10<sup>th</sup> December, 2019 and it was agreed by all governors that the school will change the deminimis level below which items are not routinely recorded from £500 to £300. This was recorded in the minutes. The school will also retain the original checking record showing each item has been verified.

**Priority**

3

**Responsible Officer**

Governors/Headteacher

**Timescale**

Complete

# 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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