

FINAL INTERNAL AUDIT REPORT
EDUCATION AND CARE SERVICES DEPARTMENT

REVIEW OF POVEREST PRIMARY SCHOOL AUDIT FOR 2015-16

Issued to: Mrs. S. Weeks, Head Teacher
Mrs. M. Booker, Chair of Governors
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REVIEW OF POVEREST PRIMARY SCHOOL AUDIT FOR 2015-16

INTRODUCTION

1. This report sets out the results of our systems based audit of **Poverest Primary School Audit for 2015-16**. The audit was carried out in quarter 4 as part of the programmed work specified in the 2015-16 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 23/11/2015. The period covered by this report is from 01/01/2015 to 31/12/2015.

AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

5. Overall, the conclusion of this audit was that substantial can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

6. Controls were in place and working well in the areas of financial management including budget monitoring, financial reports and returns to the London Borough of Bromley and primary accounting documentation including income, bank reconciliations, purchase cards, imprest payments and school meal accounts. In addition, governance arrangements at the school including Finance Committee meetings, budget approval, and updating DBS checks were also working effectively.

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7. Our testing identified the following :-

- There were 2 instances where quotes were not sought although the cumulative spent with suppliers were over £5000 over a period of 12 months.
- The Asset Register showed that 30 ipads purchased in November 2015 had not been recorded.
- The school does not hold a copy of the catering contract.
- Payments to contractor A for SEN literacy support - cumulative spent £7755. Any payments to individuals should be supported by the UTR number and a signed declaration that the supplier will pay their own tax and NI. However it should be noted that payment to this type of supplier via invoice rather than payroll is currently under review following an HMRC audit in 2015 and guidance will be issued to all schools in due course.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. There are no priority one findings.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

9. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

10. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>The Asset Register was reviewed to ensure it is maintained and includes serial numbers. It was noted that 30 ipads purchased in November 2015 were not recorded on the Asset Register.</p>	<p>Loss of assets may not be identified.</p>	<p>Head teacher should ensure that the asset register contains all items worth over £1,000 or desirable and portable.</p> <p>[Priority 2]</p>
2	<p>A sample of 20 payments was selected from the bank history report for the period 01/01/2015 to 31/12/2015. Testing was undertaken to ensure that Quotes or tenders were maintained for all payments over £5,000.</p> <p>For 2/20 suppliers in the sample the cumulative spend for the period 01/01/2015 to 31/12/2015 was more than £5,000. Quotes were not sought for following:</p> <p>Contractor B- cumulative spent £5,038.01 Contractor C - cumulative spent £7107</p> <p>There were two other payments in the sample where the competitive quotes should have been obtained</p>	<p>Value for money may not be achieved</p>	<p>The school should ensure that quotations and tenders where applicable are sought for work which is expected to be over £5000.</p> <p>[Priority 2]</p>

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	Contractor D £41,681 Contractor E £46,344 Both these payments were for emergency work and only single quote was obtained in these instances. These were reported to governors.		
3.	A payment of £6728.63 was made to contractor F for catering services provided in December 2015. It was noted that the School does not hold a copy of contract to check unit price charged on the invoice.	Incorrect price may be charged	A copy of contract for catering should be obtained and retained for information. [Priority 3]

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Head teacher should ensure that the asset register contains all items worth over £1,000 or desirable and portable.	2	The missing 30 ipads were on the asset register - they hadn't been allocated to a room at that point.		12/02/2016
2	The school should ensure that quotations and tenders where applicable are sought for work which is expected to be over £5000.	2	Noted – we will now get quotes for works under £5000 incase repeated orders should to amount to this.	Head Teacher	12/02/2016
3	A copy of contract for catering should be obtained and retained for information.	3	Copy was in school but present headteacher wasn't here when obtained. Copy passed to finance.		12/02/2016

Priority 1
 Required to address major weaknesses and should be implemented as soon as possible

Priority 2
 Required to address issues which do not represent good practice

Priority 3
 Identification of suggested areas for improvement

OPINION DEFINITIONS

APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.