

Internal Audit Report

ST JAMES' CATHOLIC HIGH SCHOOL

1 December 2022


To: Chair of Governors
Headteacher

Copied to: Education and Skills Director
Executive Director (Children's Services)
Head of Finance (Children's Services)
Local Authority Appointed Governor
Clerk to Governors

Contact: Internal Audit

We would like to thank management and staff of St James' Catholic High School for their time and co-operation during the internal audit.

Executive Summary

Assurance level and Direction of Travel	Number of actions by risk category				
Limited 	Critical	High	Medium	Low	Advisory
	-	1	5	4	-

Background and Scope

The audit of St James' Catholic High School was carried out as part of the planned School audits for 2022-23. The audit review covered the period April 2021 to October 2022.

St James' Catholic High School is a voluntary aided school with 1283 pupils on role aged between 11 and 18 years of age. The school budgeted expenditure for 2022/23 is £8,799,453 with employee costs of £6,919,272 (79% of budgeted expenditure).

The school was assessed as 'Good' by OFSTED in May 2022.

A review of the seven recommendations reported in the previous audit report dated 14 December 2017 found that four recommendations had been partially repeated (Contracts, Payroll, Governance and Assets).

The aim of the audit is to provide assurance on key areas of financial management. The review covered all major systems within the school to ensure compliance with the Scheme for Financing Schools and the Barnet Financial Guide for Schools, including Barnet Contract Standing Orders for Schools.

The scope of the audit included assessment of the following:-

- adequacy of accounting, financial and other controls;
- compliance with established plans and procedures;
- the integrity and reliability of financial and other information;
- whether assets and other interests of the Council are properly safeguarded; and
- whether the use of resources achieves value for money.

In addition to the above, a review of the 'Schools Financial Values Standard' (SFVS) self-assessment was conducted to ensure that the self-assessment has been completed in line with requirements. The standard has been designed to assist schools in managing their finances and to give assurance that they have secure financial management in place.

Summary of findings

The table provided in Appendix 2 lists the areas audited and the number of recommendations in each area. Definitions of audit assurance levels and risk ratings for the issues identified are provided in Appendix 1.

Following our review, we were able to give '**Limited**' Assurance to the school, noting one high, five medium and four low priority issues as part of the audit:

- Financial Planning– The school has stated that they have not received request for payment of heating costs supplied by the District Heating scheme since 2017. The school stated that they have reserved £281,000 to pay unpaid heating. Transfers were made from the local authority account in 2021. The school stated that funds were transferred to the Governors account for heating. Confirmation of accounting treatment had not been agreed with the finance department at the local authority. We are unable to confirm that the amount reserved will cover all outstanding costs. (High rated)
- Purchasing– Invoices paid by direct debit and credit card should be signed to confirm that goods/services have been received and the price charged on the invoice has been agreed to purchase order/agreed quotation prior to being passed for payment authorisation. The invoices should be authorised by a senior member of staff and marked with the date paid before being filed. Monthly bank reconciliations and VAT reclaim reports should be presented to a senior member of staff for review before filing. (Medium rated)
- Banking– The school has placed school funds on short term deposit with Natwest Bank. Approval from Governors for fixed term deposits is not included in the school finance procedures. There was no cash flow forecast prepared to support the deposit and provide evidence that the cash would not be required to meet school expenses. The notice of Authorised Signatories was last updated in January 2022. The school was not able to provide evidence that signatories authorised to sign bank documents on behalf of the school were changed to reflect changes in staff after this time. (Medium rated)
- Payroll– The school should process all pay awards approved by annual updates to the School Teachers Pay and Conditions document. Monthly monitoring of payroll against budget should include employer pension contributions and employer national insurance costs. (Medium rated)
- Voluntary funds– The school Holding account was last audited for the year ended 31 August 2017. Annual Audit certificates should have been prepared and sent to the local authority to show that all voluntary funds were administered as rigorously as public funds. (Medium rated)
- Assets– The IT inventory spreadsheet did not include the current location and status for all assets. No evidence that an annual review was made every year was marked on the spreadsheet. Governors were not asked to approve disposal of old IT equipment. (Medium rated)
- Governance- The financial management and procedures manual should be kept updated and be approved by Governors to reflect current procedures in school. (Low rated)
- Governance– The website should be updated to comply with the requirement to publish Governor Details and attendance at governing body and committee meetings. (Low rated)
- Contracts– An up to date contract could not be found for G4S and Pelican Procurement. The catering contract to confirm the VAT invoices raised and paid by the school relating to pupil meals should be available in school. (Low rated)

Following our 'Schools Financial Values Standard' (SFVS) self – assessment review we were able to confirm that there were no major discrepancies in judgements noted, however, although the school has responded with 'Yes' or 'No,' in the areas outlined below, it is the opinion of audit that this area has either not been met, or met 'In-Part' (refer also to Appendix 3 below):

A4: Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest? - The school has answered 'Yes,' but current forms were not provided for all Governors.

B8: Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance? - The school has answered 'Yes,' the asset register was not found to be complete.

E18: Does the school benchmark its income and expenditure and investigate further where any category appears to be out of line? - The school has answered 'Yes,' the current benchmarking report was not available for review

F25: Is the governing body sure that there are no outstanding matters from audit reports, or from previous consideration of weaknesses by the governing body? - The school has answered 'Yes,' but four findings from the previous audit have been repeated (Governance, Contracts, Payroll and Assets)

F27: Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers? - The school has answered 'Yes' but refer to Findings (Purchasing/Assets), which should be addressed to ensure procedures are as robust as possible.

F30: Does the school have adequate arrangements for audit of voluntary funds? - The school has answered 'No' as all voluntary and private funds were not audited annually.

2. Findings, Recommendations and Action Plan

Ref	Finding	Risks	Risk category	Agreed action(s)
1.	<p>Financial Planning</p> <p>Objective – To ensure that the school carries out adequate financial planning to reflect the school’s prioritised educational objectives.</p> <p>Finding – At the audit the school stated that all heating and hot water supplied to the main part of the school was supplied by the local District Heating system. The school stated that no invoices had been received for heating and hot water since 2017. The school stated that £281,000 had been accrued for outstanding bills which was held in the Governors’ account.</p> <p>The school return to the local authority for the year ended 31 March 2022 showed an expense paid for Gas £126,157.20. Further reports received from school showed transfers in the year of three amounts £55,000 and £60, 000 in November 2021 and £70,000 in March 2022. The school stated that these were payments to the Governors’ account from the local authority bank account to hold for future payments that would have to be made for heating. The amounts were coded according to Consistent Financial reporting (CFR) coding to E16GAS. The school stated that they had not asked the local authority finance department whether cash transfers from the local authority account to Governors’ account to reserve for a future liability was appropriate, and whether the accounting treatment was correct. We were not able to verify receipt into the Governors’ account as this is outside the scope of the audit.</p> <p>No agreement was available to confirm the cost per unit of energy provided to be paid, and the school did not provide any records to show the amount of energy provided each year. We were therefore unable to confirm that the provision made in each year was equal to the amount due.</p> <p>We are unable to confirm the accounting treatment and the amount of the provision for heating provided to the school.</p>	<p>There is a risk that the local authority will issue a Notice of Concern and place more stringent restrictions on the day to day financial management of the school. This could compromise the education service.</p> <p>There is a risk that funds will not be available to meet obligations if the school has not reserved sufficient funds to meet the expected future liability.</p>	<p>High</p>	<p>Actions:</p> <p>The school will comply with the scheme for financing schools.</p> <p>The school will seek guidance from the local authority and return funds to the local authority bank account for outstanding energy costs if this is the correct accounting treatment.</p> <p>The school will seek to resolve the position with the suppliers of heating as soon as possible so that regular payment of bills for energy used can be resumed.</p> <p>Responsible officer:</p> <p>School Business Manager/ Headteacher/Governors</p> <p>Target date:</p> <p>31 March 2023</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
	<p>We are unable to confirm that the school will have sufficient funds to be able to carry out the Governor approved future financial plans for the school.</p>			
2.	<p><u>Purchasing</u></p> <p>Objective – To ensure that the school’s purchasing, tendering and contracting arrangements achieve value for money</p> <p>Finding - A review of current purchasing arrangements found:</p> <p>a) The school has two credit cards that are used to purchase school supplies online. A review of school procedures found that purchase authorisation forms were not raised for credit card purchases as they were for other purchases made in school. The school did not have a documented system to ensure that invoices relating to the purchase were matched with proof of receipt/department approval for purchase. Invoices relating to credit card expenditure were not signed by a member of staff on the notice of authorised signatories document prior to filing.</p> <p>b) The school pays for electricity and other utilities by direct debit. The school also leases photocopiers which are paid by direct debit. A review of invoices filed from April 2022 to September 2022 found that invoices paid by direct debit had not been signed to confirm that the amount charged had been agreed to contract, and that the invoice had been approved for payment by a member of staff listed on the notice of authorised signatories document. The school stated that these checks had been done.</p> <p>c) Bank reconciliations and monthly VAT reports were filed for the period April 2022 to July 2022. However, the Headteacher or school business manager had not been asked to sign a monthly reconciliation of all income and payments through the account in the month and VAT claimed through the local authority VAT registration.</p>	<p>There is a risk:</p> <p>i) That goods and services may be purchased which are not in line with school requirements</p> <p>ii) Unchecked invoices may be passed for payment, where checks on the invoices are not noted, prior to passing for payment authorisation, this could lead to a loss to the school</p> <p>iii) Payments could be made by the school without receiving the goods/services, in the absence of proper verification of receipt</p>	<p>Medium</p>	<p>Actions:</p> <p>The school will update the credit card policy and plan use of the school credit cards to ensure that all purchases are reviewed and executed in accordance with requirements as approved within the School’s Financial Procedures document, ensuring at all times that a separation of duties exists, between purchase order request, purchase order approval and online payment by credit card, sufficient budget is available, and a record is kept of delivery to the school. Purchase order requests will be clearly marked to link with authorised invoices, and invoices will be marked to show prior purchase approval.</p> <p>All invoices will be signed to authorise payment.</p> <p>Monthly reports to show that all income and expenditure has been recorded in the accounting system and VAT reports will be presented to the Headteacher or school business manager for signature and approval.</p> <p>Responsible officer:</p> <p>Headteacher/School Business Manager/Finance manager/Deputy finance manager</p> <p>Target date:</p> <p>31 March 2023</p>









Ref	Finding	Risks	Risk category	Agreed action(s)
3.	<p><u>Banking and Petty cash</u></p> <p>Objective – To ensure that the school has adequate control over its funds, with regular arrangements for reconciling bank and cash balances.</p> <p>Finding A review of current banking arrangements found:</p> <p>a) The school has been putting money on fixed term deposit with Natwest Bank. The finance manual does not include confirmation that Governors have agreed that cash can be placed on deposit, and any restrictions on where the deposit may be held and length of deposit. For the four month fixed term deposit from 30 September 2022 to 30 January 2023 the school could not provide a cash flow forecast to support the deposit – to show that the cash would not be needed in school during this time to pay school expenses.</p> <p>b) The notice of authorised signatories document was last updated in January 2022. There have been two staff changes and one additional member of staff has been authorised to sign bank documents on behalf of the school. The school was not able to provide evidence that signatories authorised to sign bank documents on behalf of the school were notified to Natwest Bank as staff changed in the nine months after January 2022. The notice of authorised signatories should be updated to reflect current staff roles.</p>	<p>There is a risk:</p> <p>i) The school may suffer financial loss if finance staff do not follow the set procedure approved to safeguard school balances.</p> <p>ii) Fraud may be possible if relevant bodies are not notified as soon as possible of staff leaving employment.</p>	Medium	<p>Actions:</p> <p>1. The school will confirm when fixed term deposits may be made and where the cash may be deposited. The agreed limits will be included in the finance manual and be approved by Governors. Cash flow forecasts will be prepared prior to any deposit.</p> <p>2. The school will update signatories authorised to approve bank transactions.</p> <p>Responsible officer:</p> <p>Headteacher/School Business Manager/Finance manager/Deputy finance manager</p> <p>Target date:</p> <p>31 March 2023</p>
4.	<p><u>Payroll</u></p> <p>Objective – To ensure the school has adequate control over its payroll costs and personnel data.</p> <p>Finding –The Governors have agreed to pay schoolteachers in accordance with the national School Teachers’ Pay and conditions document which is updated annually. The School Teachers’ Pay and conditions document approved a zero percent pay increase for all teachers in September 2021 except those paid less than £27,419 per annum in Outer London where a £250 per annum pay increase was approved. The school business manager and finance manager are responsible for notifying the payroll provider when teachers’ pay rises have been approved. The school</p>	<p>Payments to staff or on behalf of staff may be inappropriate or incorrect, resulting in financial loss to the school.</p> <p>There is a risk of error or fraud in the absence of independent checks over the monthly payroll reports.</p>	Medium	<p>Actions:</p> <p>The school will comply with the School Teachers Pay and conditions document annually.</p> <p>The school will complete monthly salary monitoring to comply with the financial guide for schools. Budget monitoring processes will be amended to include all payroll costs.</p> <p>Responsible officer:</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
	<p>were not able to explain why this pay increase had not been paid to the small number of teachers to whom it should be paid from September 2021.</p> <p>Given that the payroll costs account for a large amount of the school's budget, the financial guide for schools section 2.5 (Budget monitoring and control) states that it is essential that payroll costs are accurately calculated in preparing the budget and closely monitored thereafter. For each member of staff, the total cost should be compared to the school's salary estimates.</p> <p>There was evidence that monthly salary monitoring against budget was completed by the finance manager for gross pay, but no checks were made on employer pension or national insurance contributions.</p>			<p>School Business Manager/Finance manager/Deputy finance manager</p> <p>Target date: 31 March 2023</p>
5.	<p><u>Voluntary Funds</u></p> <p>Objective – The audit objective was to ensure that voluntary funds are administered as rigorously as public funds.</p> <p>Finding – The Holding account was last audited for the year ended 31 August 2017. The accounts for the Holding account had been prepared to 31 August 2022.</p> <p>Accounting records for Voluntary funds should have been kept up to date and signed regularly by the Headteacher or school business manager as evidence of his review. Voluntary funds should be audited on an annual basis, and a report presented to the Governing Body within six months of the end of the account's financial year. The Headteacher should ensure that the audited accounts are copied to the local authority after the Governing Body has accepted them.</p>	<p>Failure to apply the same standards of financial accounting, which apply to income and expenditure for the school's delegated budget, could lead to misuse of funds and loss of revenue to the school.</p>	<p>Medium</p>	<p>Actions:</p> <p>The Headteacher will arrange for the school to comply with the requirement in the Scheme for Financing schools. The school will provide an audit certificate to the local authority in respect of voluntary and private funds held by the school.</p> <p>Responsible officer:</p> <p>Headteacher/School Business Manager/Finance manager/Deputy finance manager</p> <p>Target date: 31 March 2023</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
6.	<p><u>Assets</u></p> <p>Objective - To ensure that the school has adequate controls and records to safeguard its valuable/moveable assets and items of inventory.</p> <p>Finding - A review of the school's IT inventory found that sufficient details were recorded to comply with the Financial Guide for schools. Evidence was not retained to show that the inventory was currently up to date and the location listed for each asset was accurate. Each asset should be checked at least annually, and any missing/broken items investigated and documented for Governor approval of disposal. The current location and status of the 430 school chromebooks should be updated on the inventory.</p>	<p>Failure to maintain a complete and accurate inventory could result in the school failing to identify possible lost/missing equipment and having insufficient details to provide in the event of an insurance claim.</p>	<p>Medium</p>	<p>Actions:</p> <p>The Inventory will be kept updated with location and status of all assets.</p> <p>Annual check will be completed and recorded every year.</p> <p>Governors will be asked to authorise disposal of assets.</p> <p>Responsible officer:</p> <p>Network manager/School Business manager/Governors</p> <p>Target date: 31 March 2023</p>
7.	<p><u>Governance</u></p> <p>Objective – To ensure the responsibilities of the governing body, its committees, the head teacher and staff are clearly defined, and limits of delegated authority established; and that management, organisation and arrangements are adequate and effective leading to sound financial decisions.</p> <p>Finding – Audit were provided with a draft financial management and procedures manual dated August 2022. The policy was not kept up to date to include change in staff, change in information required from the local authority and updates to the Barnet Scheme for financing schools in September 2020 and 2021. The Schools Financial Values Standard (SFVS) included in the manual is not the current return due to the local authority in May 2022. The information on school credit cards should be updated.</p>	<p>There is a risk to the effective financial management of the school if, in the absence of an up to date Finance Policy, Governing Body members and key staff are not able to fulfil their responsibilities consistently.</p>	<p>Low</p>	<p>Actions:</p> <p>The Financial Management and procedures manual will be reviewed and updated with reference to the Barnet Schools Financial Guide.</p> <p>Responsible officer:</p> <p>School Business Manager/ Headteacher/Governors</p> <p>Target date:</p> <p>31 March 2023</p>

Ref	Finding	Risks	Risk category	Agreed action(s)
8.	<p><u>Governance</u></p> <p>Objective – To ensure the Governors have complied with statutory disclosure requirements.</p> <p>Finding – Governors have a statutory duty to publish on their website their register of interests. The register should set out the relevant business and pecuniary interests of governors and details of any other educational establishments they govern. The register should also set out any relationships between governors and members of the school staff including spouses, partners and relatives. It should include information on Governors who have stepped down in the previous 12 months. The website should describe the structure and remit of the governing body and any committees and give the full names of the chair of each. Governor attendance record at governing body and committee meetings should be disclosed over the last academic year.</p> <p>Although a list of current Governors was included on the website, Committee information was not up to date and no attendance record was attached.</p>	<p>If Governors do not publish their register of interests on their website in a transparent manner for wider scrutiny and challenge, where appropriate, then there is a risk that inaccuracies in registers, if applicable, may not be identified and corrected and Governors may incorrectly take part in decisions in which they have a personal interest.</p>	<p>Low</p>	<p>Actions:</p> <p>The Governor Details and Register of Interest will be updated on the school website.</p> <p>Committee details and Governor attendance at meetings will be disclosed.</p> <p>Responsible officer:</p> <p>School Business Manager/ Headteacher/Governors</p> <p>Target date:</p> <p>31 March 2023</p>
9.	<p><u>Contracts</u></p> <p>Objective – To ensure that the school’s purchasing, tendering and contracting arrangements achieve value for money</p> <p>Finding – Paperwork could not be found in school at the audit to confirm the contract with G4S who are responsible for cash collections from the school building and Pelican Procurement Services Ltd who provide a procurement service.</p> <p>There was no document in school to confirm the VAT invoices received and processed in school relating to pupil meals were included in the catering contract with Innovate Services.</p>	<p>The school may be unable to prove that systems are in place to manage and monitor contracts, where a current contract is not available in school.</p> <p>Without a formally signed contract confirming acceptance of terms and conditions by all parties, there is a risk that disputes may not be resolved correctly.</p>	<p>Low</p>	<p>Actions:</p> <p>Current contracts for goods/services will be held in school for referral where necessary.</p> <p>The school will confirm the VAT position of the catering contract.</p> <p>Responsible officer:</p> <p>School Business Manager/Finance manager/Deputy finance manager</p> <p>Target date:</p> <p>31 March 2023</p>

Appendix 1: Definition of risk categories and assurance levels in the Executive Summary

Risk rating	
Critical 	Critical issue where action is considered imperative. Action to be effected immediately.
High 	Fundamental issue where action is considered imperative to ensure that the School is not exposed to high risks, also covers breaches of legislation and policies and procedures. Action to be effected within 1 to 3 months.
Medium 	Significant issue where action is considered necessary to avoid exposure to risk. Action to be effected within 3 to 6 months.
Low 	Issue that merits attention/where action is considered desirable. Action usually to be effected within 6 to 12 months.
Level of assurance	
Substantial 	The standard of controls operating in the systems audited at the school is robust and provides substantial confidence that the school is protected from loss, waste, fraud or error.
Reasonable 	The standard of controls operating gives reasonable assurance that the school is protected from loss, waste, fraud or error but there may be areas which need to be strengthened to provide robust confidence in the system of internal control.
Limited 	The standard of controls is insufficient to give confidence that the school is protected from loss, waste, fraud or error. Prompt attention needs to be given to strengthening one or more areas of the control system before sufficient confidence is provided.
No 	The standard of controls is poor and places the school in potential danger of loss from waste, loss, fraud or error. Urgent attention needs to be given by management to addressing weaknesses identified in the audit.

Appendix 2 – Areas audited and analysis of findings

Area	Summary of Findings				
	Critical	High	Medium	Low	Advisory
Governance				2	
Financial Planning		1			
Budget Monitoring					
Purchasing			1		
Contracts				1	
Income					
Lettings					
Banking & Petty Cash			1		
Payroll			1		
Tax					
Voluntary Funds			1		
Assets			1		
Insurance					
Data Security					
Pupil Premium					
Safeguarding*					
Schools Financial Values Standard				1	

*Scope limited to confirmation as to whether the school has completed a Safeguarding audit tool and whether any issues were noted over its Single Central Record

Timetable					
Audit agreed:	Fieldwork commenced:	Fieldwork completed:	Draft report issued:	Management comments received:	Final report issued:
21 June 2022	17 October 2022	19 October 2022	16 November 2022	30 November 2022	1 December 2022

Appendix 3 – Review of Schools Financial Value Standard 21/22

LIST OF QUESTIONS	SCHOOL RESPONSE	AUDIT CONCLUSION FOLLOWING REVIEW OF COMMENTS AND EVIDENCE
A: Governance		
1. In the view of the governing body and senior staff, does the governing body have adequate and up to date financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money? Is there a plan in place to address any gaps?	Yes	Agreed
2. Does the governing body have a finance committee, or equivalent, with clear terms of reference and a knowledgeable and experienced chair?	Yes	Agreed
3. Does the governing body board receive clear and concise monitoring reports of the school's budget position at least six times a year?	Yes	Agreed
4. Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?	Yes	No forms for every Governor each year
5. Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent, for example, on sick leave?	Yes	Agreed
B: School strategy		
6. Does the school have a realistic, sustainable and flexible financial strategy in place for at least 3 years, based on realistic assumptions about future funding, pupil numbers and pressures?	Yes	Agreed
7. Is the financial strategy integrated with the school's strategy for raising standards and attainment, through integrated curriculum and financial planning?	In part	Agreed
8. Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?	Yes	In Part – asset register was not complete
C: Setting the annual budget		
9. Does the school set a well-informed and balanced 3 year budget and has this been submitted to the local authority?	Yes	Agreed

10. Does the budget setting process allow sufficient time for the governing body to scrutinise and challenge the information provided?	Yes	Agreed
11. Is the school realistic in its pupil number projections and can it move quickly to recast the budget if the projections and the reality are materially different?	Yes	Agreed
12. Is end year outturn in line with budget projections, or if not, is the governing body alerted to significant variations in a timely manner, and do they result from explicitly planned changes or from genuinely unforeseeable circumstances?	Yes	Agreed
13. Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balance at the end of each year?	Yes	Agreed
D: Staffing		
14. Does the school review its staffing structure regularly to ensure it is the best structure to meet the needs of the school whilst maintaining financial integrity?	Yes	Agreed
15. Has the use of professional independent advice informed part of the pay decision process in relation to the headteacher and is it tightly correlated to strong educational outcomes and sound financial management?	Yes	Agreed
16. Has the school published on its website the number of employees (if any) whose gross salary exceeded £100k?	Yes	Agreed
17. Does the school benchmark the size of its senior leadership team annually against that of similar schools?	Yes	Agreed
E: Value for Money		
18. Does the school benchmark its income and expenditure and investigate further where any category appears to be out of line?	Yes	No information available
19. Has the school leadership team considered the results of the self-assessment dashboard or other DfE benchmarking tools?	Yes	Agreed
20. Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?	Yes	Agreed
21. Is the governing body given the opportunity to challenge the school's plan for replacing contracts for goods and services that are due to expire shortly?	Yes	Agreed
22. Does the school consider collaboration with others, for example, on sharing staff or joint purchasing, where that would improve value for money?	Yes	Agreed

23. Do you compare your non-staff expenditure against the DfE recommended national deals to ensure you are achieving best value?	In part	Agreed
24. Does the school maintain its premises and other assets to an adequate standard and make best use of capital monies for this purpose?	Yes	Agreed
F: Protecting Public Money		
25. Is the governing body sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the governing body?	Yes	In Part – four findings have been repeated
26. Are there adequate arrangements in place to manage related party transactions and has a complete list of related party transactions been appended to the checklist document (see template for recording related party transactions)?	Yes	Agreed
27. Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers?	Yes	Refer to Findings/Recommendations Purchasing and Assets
28. Are all staff aware of the school's whistleblowing arrangements and to whom they should report concerns?	Yes	Agreed
29. Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the consistent financial reporting return?	Yes	Agreed
30. Does the school have adequate arrangements for audit of voluntary funds?	No	No annual audit

Appendix 4 – Internal Audit roles and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of St James' Catholic High School, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.