

- School Investigations

Inside this issue:

page 2

eBay
Bribery Act
LMS Procedure Rules

page 3

School Fund
Purchases
Minibus Insurance
Financial Control Really Matters
Training Courses

page 4

HR E-mails
Whistleblowing Policy
Key Holders

page 5

VAT on Lettings

page 6

School Fund Accounts
IT Back Ups

SCHOOLS AUDIT NEWSLETTER

Issue no. 8

January 2012

Welcome to the eighth edition of our Newsletter for Schools. We hope you will find it useful, but please tell us if there are any issues that you would like to be included in future editions. Please also ensure that this Newsletter is seen by the Chair of the Governing Body and the Finance Committee, as well as the Head teacher and the School Business Manager.

INVESTIGATIONS IN 2011

In 2011 Veritau undertook a number of investigations in schools and uncovered some interesting practices!

Dinner Money

A primary school administrator had not banked any dinner money for over six months. Cash and cheques totalling in excess of £4000 were locked in the bottom drawer of a filing cabinet and arrears exceeding £1300 had been allowed to build up. Please remember our advice that **“Schools should bank at least monthly or whenever the total of cash and cheques held exceeds the insurance limit on the safe. For schools with no safe the insurance limit is £250 for cash and cheques should be stored in a locked receptacle”**. You could also consider using Parent Pay to make the collection and banking of dinner money more secure.



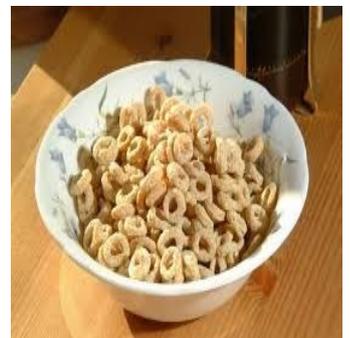
Bank Statement, January				
Day	Details	Outflow	Inflow	Balance
2	624	320	-	234
3	Cheques received	-	1560	1894
4	622	48	-	1846
7	626	1800	-	1429
9	Cheques received	-	810	1371
10	627	200	-	439
11	628	1567	-	239
11	British way	100	-	-1328
15	Cheques received	-	865	-1428
16	629	311	-	-863
18	Cheques received	-	2340	-874
22	630	-	1000	1820
23	630	98	-	1520
26	Cheques received	-	124	2546

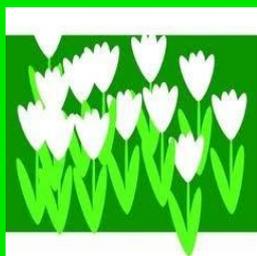
School Fund

A school failed to transfer sufficient interest to the BAFS account from its School Fund over a number of years. This particular school used the Yorkshire Bank which calculated interest on the accumulated balances of the BAFS and School Fund accounts and interest was credited to the School Fund. An amount of interest was then transferred to the BAFS account but we estimated that this was at least £25000 less than it should have been over the last 12 years. This amount has since been transferred to the BAFS account. If your school has a similar arrangement for receiving interest please ensure that your method of apportioning it between accounts is defensible.

Overtime Claim

A teaching assistant in a primary school was also paid for five days a week to run the school’s breakfast club but only did this on four days. When she exceptionally worked on the fifth day she submitted an overtime claim. Overpayments totalling just under £600 are now being recovered from her.





You can now
use eBay

You may remember that in our Summer 2009 newsletter we said that schools should not use eBay to buy and sell. We have since liaised with Trading Standards and established that there are occasions where you **can** now use eBay, although there are a number of safeguards that we recommend you bear in mind:

- If you are selling second hand goods bear in mind the need to describe them accurately and not in a misleading way. You will also need to consider whether or not you need to be registered under the North Yorkshire Act 1991 – details are shown on the NYCC website at <http://www.northyorks.gov.uk/index.aspx?articleid=2831>. Alternatively, you can telephone the Trading Standards business advice team on 01609 534868.
- If you are selling IT equipment ensure that any storage media is thoroughly cleaned – it is not sufficient to merely delete files. Please contact Schools ICT Services if you have any queries.
- If you want to buy something on eBay decide the maximum amount you wish to pay for it and stick to your figure. Do not waste time by continually monitoring the progress of your bids. It may be preferable to purchase fixed price items. ALWAYS bear in mind the principles of best value and ensure that you are getting value for money by comparing prices with other more conventional suppliers.

Please consider
carefully the
implications of
accepting any
hospitality.

BRIBERY ACT 2010

Did you know that the Bribery Act that came into force last summer could apply to school staff? Two of the offences created by the Act are to offer, promise or give a bribe and to request, agree to receive or accept a bribe, but there is also a new offence for organisations of failing to prevent bribery by those acting on their behalf. We will shortly circulate revised guidance to schools about maintaining the Register of Hospitality and Gifts but please consider carefully the implications of accepting any hospitality. In particular we are aware of some teachers going on “taster” trips to review the facilities at hotels and ski resorts abroad at the expense of specialist tour companies and would suggest that you seek advice from ourselves or Legal Services before doing so.



LMS PROCEDURE RULES

Did you know that the Corporate Director – Children & Young People’s Service agreed some changes to LMS Procedure Rules on December 6th last year? Details of what was amended can be found on cyps.info at <http://cyps.northyorks.gov.uk/index.aspx?articleid=18638>.

Since the changes are not very significant we are not proposing to run any training sessions on the Rules this year, but if there is sufficient interest from recently appointed members of staff or any that have not had the opportunity to attend a course yet we may consider running one or two sessions free of charge. If you are interested in attending a training session please let us know by emailing internal.audit@veritau.co.uk.

Included within the Rules, as an Appendix to the LMS Financial Procedure Rules is an updated proforma **Budget Management Policy**. If you are thinking of reviewing your school’s policy please use this latest version. A Word version which you can readily tailor for your own needs can be found on cyps.info at <http://cyps.northyorks.gov.uk/index.aspx?articleid=16296>.

GENERAL INFORMATION

School Fund Purchases

A school can pay for school fund purchases through the BAFS account to recover the VAT providing the purchase is of an educational nature (e.g. transport costs for school trips, school holidays, computer equipment, playground equipment, musical instruments, portable items for resale not for profit such as portable mathematical instruments, calculators, tools, pens, ink and exercise books) and the conditions stated in the School Finance Manual, Chapter 14.10 are met.

Examples of items that **cannot** be paid through the BAFS account to recover VAT are as follows:

- Capital expenditure over £2000 if the school is a VA school
- Uniform costs
- Photographer costs
- Gifts for members of staff
- Costs associated with the independent examination of the accounts eg professional fees and travelling costs

MINIBUS INSURANCE



Please note that from 1st April 2012, schools will be charged for motor insurance provided by NYCC. This will cover minibuses, vans and ride-on mowers that are owned by the school but insured through the council.

Schools are still able to opt out and choose their motor insurance privately.

Further details and confirmation of premiums will be circulated shortly by CYPS Finance.

Schools will be charged for motor insurance provided by NYCC from 1 April 2012

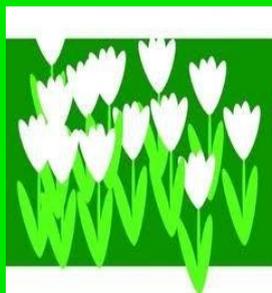
TRAINING COURSES FOR GOVERNORS AND STAFF

Did you know that Veritau runs training courses? Our **Financial Control Really Matters** course for governors has recently been completely re-written to address the new Schools Financial Value Standard and we already have a number of bookings for this term. We have also developed an **Information Governance Matters** course to introduce the key concepts of Data Protection and Freedom of Information to governors.

You may have noted that the arrangements for booking governor training have changed this term. Instead of booking places at £40 each on centrally organised courses schools are being encouraged to organise courses themselves on a cluster basis. This makes the training much more cost effective since we will charge just £250 plus VAT for a two hour course for up to 20 delegates. If

you are interested in either of the courses mentioned above please contact either Ian Smithson or Robert Beane by email at ian.smithson@veritau.co.uk or datamanagement.officer@northyorks.gov.uk

In addition, if you would like to discuss any other training needs that your governors or staff may have please contact Ian on the telephone number on page 6.



E-MAILS SENT TO HR

When e-mails are sent to HR with notification forms to inform them of the following:

- Amendments to an existing teaching post
- Non-teaching additional or replacement post
- Notification of maternity leave
- Amendment to personal details
- Non teaching amendments to an existing post
- Notification of staff leaving



It is best practice to copy the Headteacher in to the e-mail to at least inform them of the instructions being issued to HR should they have any queries / problems with the information submitted (e.g. errors on information or omitted data).

WHISTLEBLOWING POLICY

We quite often come across schools that have not adopted the latest version of the Whistleblowing Policy that has been approved by the County Council. Please note that these can be found on the County Council website at

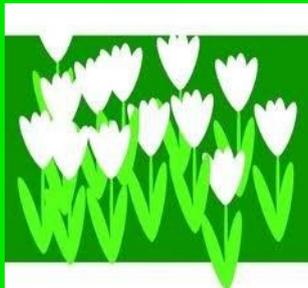
<http://www.northyorks.gov.uk/index.aspx?articleid=2933>



KEY HOLDERS

Key holders should be restricted to a minimum number and keys should be retained on the individual's person and not left in drawers or filing cabinets. These principles should be adhered to both overnight and wherever possible during the working day. Ideally keys should only be given to NYCC employees however a Governor may have a key for a specific purpose eg over the holidays if they live close by. Please also maintain a record where keyholders sign to acknowledge receipt of the keys.





VAT ON LETTINGS

Under certain circumstances the Authority, and consequently a school with a BAFS account, **must** charge VAT on lettings. When VAT on a letting has been charged schools must ensure that this is correctly reflected on the proforma invoice, properly recorded in the school's financial system and appropriately included in the monthly VAT return which is to be made to Children & Young People's Finance.



Please note that there are only three circumstances where sports lettings are exempt from VAT. These are:

- Where facilities are let to another school, club or association for at least 10 periods under a written agreement and meet the specific circumstances detailed below. (Note that the club or association must be affiliated to a sporting organisation, such as the Football Association or Lawn Tennis Association, and not just a group of individuals), or
- Where the letting is for any one period that exceeds 24 hours duration, or
- Where the facility is let for a non-sporting purpose – for example a football pitch let for a church fete, provided that such a letting is not subject to VAT. (We are aware that some schools let their playing fields for caravanning or car parking – these are Standard Rated activities!).

Sports facilities let under any other circumstances are Standard Rated for VAT purposes. If you publish a scale of charges we suggest that you make it clear to potential customers the circumstances under which VAT will be charged.

Each let in a series of ten or more must be for the same type of activity at the same location, although different pitches, courts, etc. at the site are allowable.

The interval between each let must be at least one day and no more than 14 days. The dates should be set at the time of booking. The 14 day interval cannot be extended to take account of school holidays.

Payment is made by reference to the whole series and this is evidenced by written agreement. Payment does not have to be made in advance, but all sessions must be paid for, regardless of whether the facility is actually used. The only exception to this is where it is unavailable due to unforeseeable circumstances – this includes adverse weather or vandalism, but excludes use for meetings, etc.

The hirer has exclusive use of the facilities during the periods of hire.

If any of the criteria are not met, then the entire series becomes taxable.

It is important to note that the regulations are clear that if the series of lets is broken by the hirer, for whatever reason, all or part of the series of lets may become subject to VAT which the hirer will be obliged to pay.

* An **eligible body** is defined as a club or association whose articles/memoranda of association or constitution demonstrate that they are non-profit-making, **a school, club, association, or organisation** representing affiliated clubs/constituent associations (e.g. a league) which has in its constitution restrictions preventing the distribution of any profits except to other non-profit-making bodies or on winding up do not have any paid officers or paid connected officers.

NB: ANY LETS TO COMMERCIAL ORGANISATIONS ARE SUBJECT TO VAT

It is up to the hirer to prove that the club or association is an eligible body before the "series of lets' rules" can be applied. A copy of your articles/memorandum of association or constitution must be provided for the school to keep on record. A letter confirming you meet the requirements is not sufficient.

Further information can be found in Section 16 of the Schools Finance Manual.

SCHOOL FUND ACCOUNTS

Please send a copy of your latest school fund accounts to us if you have not already done so. Note that you are required, under the LMS Scheme, to send copies of the summary income and expenditure account, balance sheet, and the independent examiner's statement to Veritau – as soon as they have been examined.

If it is possible to scan the documents you can email them to internal.audit@veritau.co.uk. Details of the recommended format of the accounts can be found in Chapter 14 of the School Finance Manual.

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IT BACK UP ARRANGEMENTS

We would like to remind schools that it is your responsibility to ensure that financial and administrative information is regularly backed up. We recommend that this is done daily, and that a separate disc, cartridge or tape etc. is used for each day of the week and then re-used the following week. This helps to reduce the risk of complete data loss if the chosen recording medium is corrupted.

Please also ensure that you also have in place a system for checking that the back-up data would be usable in the event of disaster recovery being necessary. Your back-up software may produce its own log indicating that back-ups have succeeded or failed, but we would also advise that a trial restore is undertaken occasionally to ensure that the recorded data would be usable in the event of a disaster. A trial restore is the only way of proving this for certain.

If you have a visiting Schools ICT technician, please note that he or she may well not be routinely taking care of back-up arrangements, unless this has been specifically requested by your school at some point. You may wish to discuss this with them, or with any other IT service provider you may use, and ask them to record that checks have been carried out when they complete their Service Call Reports.



If your school's staff take care of back-ups themselves, please ensure that they are aware of their importance.

Your Veritau school audit contacts:

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Mark Fletcher – Senior Auditor (Schools)	mark.fletcher@veritau.co.uk	01609 532738
Julie Pollock – Schools' Auditor	julie.pollock@veritau.co.uk	01609 535901
Judith Elliott – Schools' Auditor	judith.elliott@veritau.co.uk	01904 552925
Whistleblowers' Hotline	whistle.blower@northyorks.gov.uk	01609 760067
.... and please direct any Information Governance queries initially to	datamanagement.officer@northyorks.gov.uk	