

**BUNGAY HIGH SCHOOL
MANAGEMENT LETTER
YEAR ENDED 31 AUGUST 2015**



Dear Sirs

In accordance with our normal practice, we are writing to highlight matters arising during the course of our audit relating to the systems, internal controls, accounting practises and governance of Bungay High School that we are required to bring to your attention and matters that the Annual Accounts Direction requires us to notify the EFA.

As you will be aware, the primary purpose of our audit is to express an opinion on the financial statements. Our examination is carried out on a test basis and should not be relied upon to detect errors or irregularities which are not material to those statements.

Yours faithfully

Larking Gowen

16 December 2015

Auditing standards require us to notify you of any significant matters that require your attention. The EFA also require details of other less significant issues.

For these purposes we therefore categorise issues as high, medium and low priority as detailed below:

High Priority		Matters requiring your urgent attention (within one month)
Medium Priority		Matters requiring your prompt attention (within 3 months)
Low Priority		Other matters (within 6 months)

Issue 1: Payroll

Medium Priority



Issue and Implication:

Doing our planning meeting with you on the 7 July 2015 we discussed the new payroll system that was implemented in April through School's Choice. Among the changes is that more employees are involved and have access to setting up new employees and making contract changes.

Recommendation:

We recommend that restrictions are made on number of staff who can make changes or alternatively investigate if a report can be made on changes in standing data.

Management response:

Given that management information is regularly reviewed, we consider that we operate an appropriate level of control.

We will implement a monthly review of the monthly variances report.

We plan to retender payroll services within 2016 and we will include control systems as well as cost in the overall review of value for money.

Issue 2: Purchase orders less than £50k

Medium Priority



Issue and Implication:

As part of our audit work on purchases we reviewed the new insurance policy, which was an order of value over £10k but less than £50k. According to your finance policy three written quotations should therefore be obtained.

6.15 Three written quotations should be obtained for all orders between £10,000 and £50,000 to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by budget holders for audit purposes. Telephone quotes are acceptable if these are evidenced and faxed confirmation of quotes has been received before a purchase decision is made.

A written quotation was obtained from Zurich and information taken from the internet from the Academies risk protection arrangement (RPA), based on a standard cost per pupil. We understand that the finance team contacted Marsh & McLennan, insurance broker, to provide a third quotation. After the insurance broker was informed of the value of the quote from Zurich he responded that he could not match it and he therefore declined to quote. We understand that the third "quotation" was confirmed in writing but that the written confirmation was not retained.

Recommendation:

Evidence should be obtained and retained of three quotations to comply with the policy.

Management response:

Noted – we will retain this information in future.