



Internal Audit Report
Education and Children's Services,
Education: Secondary & Inclusion
13-11(b) The Community School of Auchterarder
August 2013

Final Report

Chief Executive's Service
Finance Division
Perth & Kinross Council
2 High Street
Perth PH1 5PH

Background and Introduction

This assignment forms part of the Internal Audit plan for 2013/2014, as approved by Audit Committee on 27th March 2013.

Education & Children's Services provides the financial framework and guidance for All-through schools. This framework and regulations are included within the services Financial Policies and Guidelines. They provide the framework for financial management in establishments within the Service. The auditor used questionnaires developed by the Finance Support Team for use in its programme of control visits to schools, to establish the prevailing level of control.

This report details the findings in relation to The Community School of Auchterarder. Visits to the school took place during July and August 2013.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of Education and Children's Services Finance Support Team and the staff at The Community School of Auchterarder during this audit.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

The scope of this audit did not include a review of the Education & Children's Services financial policies and guidance as these were covered in the previous audit of primary schools.

Control Objective: To ensure that All-through schools are managed in accordance with the Financial Procedures as laid down by Education and Children's Services (ECS).

Auditor's Comments: The Council's Financial Regulations are supplemented by ECS operational regulations with the ECS Financial Policies and Guidelines detailing the procedural control for the financial management of schools.

Testing confirmed that the financial management information was up to date. The school receives monthly monitoring statements which reflect the current budget, spend to date and the projected outturn highlighting any over/under spends. These statements are reviewed by the Business Manager and the school's financial management system is updated to reflect current spend and out turn.

There are adequate controls in place for petty cash, Professional Electronic Commerce On-Line System (PECOS) is used to order goods and services, and the school has prepared an inventory.

The ECS procedural guidelines in respect of school funds are in the main being followed. However, although financial statements are being prepared for school trips, there were instances where supporting vouchers were missing. Although the

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school provides a general statement within the Nursery Handbook which is issued to parents, regarding arrangements for parental contributions towards snacks and nursery activities/resources, there is a lack of clarity in respect of how their contributions are broken down between snack fund and equipment purchases/nursery activities.

The ECS meal return administration procedures state that there is no requirement to complete the schools meal return form (SMR1), however Tayside Contracts still complete these forms.

Strength of Internal Controls:

Moderate

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point. Appendix 3 lists minor issues which do not form part of the Action Plan as they are considered to be very low risk or would result in duplication. They were drawn to the attention of management during the audit.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

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Distribution

This report has been distributed to:

B Malone, Chief Executive

J Fyffe, Executive Director (Education & Children's Services)

B Atkinson, Depute Director (Education & Children's Services)

P McAvoy, Head of Education (Secondary & Inclusion)

J Symon, Head of Finance

S Clyde, The Community School of Auchterarder Head Teacher

J Walker, The community School of Auchterarder Business Manager

G Boland, Service Manager (Contracts, Facilities & Financial Management)

J Cockburn, Finance and Governance Manager

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The auditor for this assignment is M Morrison. The supervising auditor is J Clark.

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 27 August 2013

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	School Funds - Record Keeping for Trips	Low
2	School Funds - Supporting Documentation	Medium
3	School Funds – Petty cash	Low
4	School Funds – Nursery Snacks	Medium
5	School Funds – Snack Funds	Low
6	Meal Return Administration Procedures	Low

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Appendix 2: Action Plan

Action Point 1 - School Funds - Record Keeping for Trips

ECS Financial Policies and Guidelines state that when a specified sum is requested as a parental contribution towards for example a school trip, a financial statement should be prepared at the end of the trip. The auditor was able to confirm that financial statements were being prepared, however, in some instances the supporting receipts were missing.

Management Action Plan

The Business Manager will ensure that all supporting receipts for trip expenditure are obtained and retained where practicable.

Importance:	Low
Responsible Officer:	J Walker, Business Manager, Community School of Auchterarder
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	October 2013
Required Evidence of Completion:	Sample of receipts for the next school trip

Auditor's Comments

Satisfactory

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Action Point 2 - School Funds – Supporting Documentation

ECS Financial Policies and Guidelines state that receipts and withdrawals should be supported by appropriate backup documents. While reviewing the backup documents for December, the auditor noted that there was no documentation for two cheque payments of £240 and £480 respectively

Management Action Plan

The Business Manager will ensure that all supporting receipts for expenditure are obtained and retained.

Importance:	Medium
Responsible Officer:	J Walker, Business Manager, Community School of Auchterarder
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	October 2013
Required Evidence of Completion:	Sample of receipts

Auditor's Comments

Satisfactory

Action Point 3 - School Funds - Petty Cash

ECS Financial Policies and Guidelines state that receipts should be produced for any cash advances. Testing confirmed that during the period from 29 October 2012 to 11 December 2012, 7 receipts were missing out of a total sample of 105.

Management Action Plan

The Business Manager will ensure that receipts are supplied for all petty cash advances.

Importance:	Low
Responsible Officer:	J Walker, Business Manager, Community School of Auchterarder
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	October 2013
Required Evidence of Completion:	Sample of receipts

Auditor's Comments

Satisfactory

Action Point 4 - School Funds – Nursery Snacks

ECS Financial Policies and Guidelines state that if parents are asked to make contributions to the snack fund, monies raised should only be spent on food given to the children. The school operates one account, to which parents make a weekly contribution. However, not all of this contribution is used to purchase snacks, with some of it being used to purchase equipment, toys and entertainment.

Management Action Plan

The school will provide information to the parents advising them of how much of their contribution is being spent on snacks.

Importance:	Medium
Responsible Officer:	J Walker, Business Manager, Community School of Auchterarder
Lead Service:	Education and Children’s Services
Date for Completion (Month / Year):	October 2013
Required Evidence of Completion:	Sample of monthly statements

Auditor’s Comments

Satisfactory

Action Point 5 - School Funds – Snack Fund

Testing confirmed that there is a surplus of £2,541.86 on the snack fund. Part of this surplus (£1,114.60) is the result of a sponsored cycle and the balance from parental contributions. This fund is to be used as a contribution towards the purchase of permanent equipment for the nursery play area. Lottery funding of £5,682 has also been secured for this project.

Management Action Plan

£150 of the balance will be used to fund snack purchases in the first week of the new session. The remaining balance of £2,391.86 will be transferred to a separate account within the school fund for the purchase of Nursery equipment and will be monitored in accordance with ECS financial policies and guidelines.

Importance:	Low
Responsible Officer:	J Walker, Business Manager, Community School of Auchterarder
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	October 2013
Required Evidence of Completion:	Sample of balances on snack fund account

Auditor's Comments

Satisfactory

Action Point 6 - Meal Return administration Procedures

ECS Financial Policies and Guidelines state that Daily Reconciliation Reports be prepared and e-mailed weekly to ECS catering support and Tayside Contracts. There is no requirement in the procedures to complete the return 'SMR1'. However testing confirmed that these forms were being completed on a weekly basis resulting in duplication of work.

Management Action Plan

The Catering Services Manager will advise Tayside Contracts that it is not necessary to complete SMR1s.

Importance:	Low
Responsible Officer:	S Farrer, Catering Services Manager
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	August 2013
Required Evidence of Completion:	Copy of correspondence to Tayside Contracts

Auditor's Comments

Satisfactory

Appendix 3: Minor Issues

3.1 School Fund Bank Balances

Consideration should be given to using interest bearing bank accounts to secure best value.

3.2 Budget Monitoring

Consideration should be given to streamlining the budget monitoring process.

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