



Internal Audit Report
Education and Children's Services,
Education: Early Years & Primary
12-21(b) Crieff Primary School
February 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 2012/2013, as approved by Audit Sub-Committee on 27th March 2012.

Financial Policies and Guidelines have been laid down by the Education & Children's Services Finance Support Team. They provide the framework for financial management in establishments within the Service. The auditor used the questionnaire 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 Crieff Primary School, which was visited during January 2013. There is a new Headteacher at the school and she has been in post since October. The support staff are also relatively new to the school. The school has yet to be migrated to the Microsoft Exchange which is scheduled for April 2013.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of Education and Children's Services Finance Support Team and the staff at Crieff Primary School 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.

Control Objective: To ensure that primary schools are managed in accordance with the Financial Procedures as laid down by Education and Children's Services

Auditor's Comments: The Council's financial regulations are supplemented by Education and Children's Services 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 schools receive 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 Headteacher, and the schools financial monitoring package is updated to reflect current spend and out turn.
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The audit confirmed that the Headteacher and Depute Headteachers received training in petty cash. Pecos is used to order goods and services. In addition Education and Children's Services procedures state that an inventory should be taken at each school. None had been prepared, but there was evidence to suggest

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that this is in progress.

It was noted however that there were areas where there was a lack of understanding of procedures and additional training should be provided particularly in the area of the financial management of meals provision. Although there is a fairly comprehensive guidance about meal procedures it was noted that not all the procedures are followed.

The audit confirmed that the financial management procedures in place for primary schools controls were adequate, but that the ECS Financial Policies and Guidelines would benefit from being updated. This process is underway with several guidelines already updated including petty cash, insurance limits on safes, cash handling and receipting, banking and monies and school meals. This action is not a reflection on the control environment within the school, but one that is to be taken forward by the Acting Finance Manager, as detailed in Internal Audit Report 12-21(b).

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.

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.

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)

J Walker, Depute Director, Housing and Community Care

S Devlin, Head of Education (Early Years and Primary)

J Symon, Head of Finance

A Beaton (Headteacher Crieff Primary School)

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

L Oswald, Acting Finance Manager

P Dickson, Complaints & Governance Officer

Committee Services

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: 1 March 2013

Appendix 1: Summary of Action Points

Action Point	Risk/Importance
Financial Management of Catering Provision	Medium
Petty Cash	Low
Inventory	Low
Internal Procedures	Low

Appendix 2: Action Plan

Action Point 1 - Financial management of catering provision

Education and Children's Service have prepared comprehensive procedures in respect of primary school meals. These procedures detail how money should be collected in the school, how coloured bands should be issued to the person paying for the meal, and that the school meals form SMR1 should be fully completed and returned on the last school day of the week.

It was noted during the audit that the 'cash collected' column on the SMR1 for the week tested was not completed, the meal number discrepancies were not investigated (procedure states that any discrepancies must be investigated at the time and a corresponding explanation entered) and although the amount banked did not match the number of meals served, no reconciliation was carried out. SMR1 Guidelines are sent out to all primary schools in April each year.

The school staff stated that as they are relatively new in post, the audit has highlighted a training requirement of which they were previously unaware. It was noted that the new Headteacher has implemented improvements since she started in post. As required by Education and Children's procedures, the school is chasing up outstanding debt on a daily basis after provision of debt management training by the Catering Support Team in November 2012.

There is a risk that if these procedures are not followed, the school and council will be unable to reconcile the amount banked with meal payments received or the number of meals served with the number being charged for by the supplier.

Management Action Plan

It was agreed that the school would contact the Catering Support Team to arrange refresher training on the catering meals system and procedures. The Headteacher will ensure that the school follows the appropriate procedures after training has been received.

Importance:	Medium
Responsible Officer:	A Beaton, Headteacher, Crieff Primary School
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	March 2013
Required Evidence of Completion:	Completion of training; fully completed and reconciled SMR1

Auditor's Comments

Satisfactory

Action Point 2 - Petty Cash

Education and Children's Services Financial Policies and Guidelines state that expenditure should be recorded in ink in a petty cash book. Imprests must be maintained in balance at all times and the petty cash book should be balanced regularly. Such records are to be held for 6 financial years plus the current financial year.

The support staff advised that a petty cash book had not been prepared for the first few months of the current financial year due to change of staff and at the time of the auditor's initial visit there appeared to be a lack of supporting documentary evidence for that period. However the documentary evidence was located and made available to the auditor on a subsequent visit.

Management Action Plan

Although a cashbook had not been prepared prior to September 2012, there was sufficient information available for one to be prepared if required. Since September 2012 an electronic cashbook has been kept reconciled and up to date.

Importance:	Low
Responsible Officer:	A Beaton, Headteacher, Crieff Primary School
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	Completed
Required Evidence of Completion:	None

Auditor's Comments

Satisfactory

Action Point 3 - Inventory

Education and Children's Services Financial Policies and Guidelines state that the Headteacher should ensure that an Inventory List is prepared for their area of responsibility. The Inventory List should list each item of equipment held in the establishment with a purchase price of £100 or more.

Although a list had not been completed, it was in the process of being prepared. There is a risk therefore that the council's assets records are not up to date, accurate or secure.

Management Action Plan

A complete Inventory List will be compiled in accordance with the Financial Policies and Guidelines.

Importance:	Low
Responsible Officer:	A Beaton, Headteacher, Crieff Primary School
Lead Service:	Education and Children's Service
Date for Completion (Month / Year):	March 2013
Required Evidence of Completion:	Inventory List

Auditor's Comments

Satisfactory

Action Point 4 - Internal Procedures

It was noted that there was a lack of documented internal procedures. Whilst staff were predominantly aware of their day to day duties, in the event of any absence of a member of staff, daily routines may not be followed in their entirety, and as such, control checks may not be carried out correctly. The Headteacher has advised that she had already discussed the requirement for documenting internal procedures with the support staff at the school.

There is a risk that without the required level of guidance daily routines will not be carried out in an efficient manner particularly if there is an unplanned absence.

Management Action Plan

Daily routines will be documented and made available to all office staff so that it is clear what actions are to be taken in the event of the absence of a member of staff

Importance:	Low
Responsible Officer:	A Beaton, Headteacher, Crieff Primary School
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	March 2013
Required Evidence of Completion:	Documented daily routines

Auditor's Comments

Satisfactory