



Internal Audit Report  
Education and Children's Services,  
Education: Early Years & Primary  
12-21(a) Inchview 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 Inchview Primary School, which forms part of Glenearn community Campus. Visits to the school took place during January 2013.

## Acknowledgements

Internal Audit acknowledges with thanks the co-operation of Education and Children's Services Finance Support Team and the staff at Inchview 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
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Auditor's Comments: The Council's Financial Regulations are supplemented by Education and Children's Services operational regulations with the ECS Financial Policies and Guidelines detailing the procedural control for the financial management of schools.
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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 Headteacher and the schools financial management system is updated to reflect current spend and out turn.
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There are adequate controls in place for petty cash and school meals income. Pecos is used to order goods and services, however the school had not prepared an inventory.
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The audit confirmed that the financial management procedures in place for primary schools controls were adequate, but that the ECS Financial Policies and
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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.	
Strength of Internal Controls:	Strong

### 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

L Lennon (Campus Leader Glenearn Community Campus)

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

## Internal Audit Report

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:

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Jacqueline Clark

Chief Internal Auditor

Date: 1 March 2013

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Inventory	Low
2	Internal Procedures	Low
3	Financial Policies and Procedures	Medium



## Appendix 2: Action Plan

### Action Point 1 - Inventory

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

A list had not been prepared at the time of the audit. Whilst it is accepted that the majority of 'inventory' items at the campus would be the responsibility of Mitie or Live Active Leisure or IT, there may be items which the school have purchased directly which would not be listed elsewhere.

There is therefore a risk that the council's assets records are not up to date, accurate or secure.

### Management Action Plan

The campus leader will review items purchased directly by the school and compile an inventory list for the school. This will include maintaining a record of items which are removed and subsequently returned to the school.

Importance:	Low
Responsible Officer:	L Lennon, Campus Leader, Glenearn Community Campus
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	March 2013
Required Evidence of Completion:	Inventory List

### Auditor's Comments

Satisfactory

## Action Point 2 - Internal Procedures

It was noted that there was a lack of documented internal procedures. Whilst staff were aware of their day to day duties, in the event of absence of a member of staff, the daily routines have not been followed in their entirety and as such, control checks were not carried out correctly.

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 staff 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:	L Lennon, Campus Leader, Glenearn Community Campus
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



### Action Point 3 - Financial Policies and Guidelines

Elements of the Financial Policies and Guidelines would benefit from updating as the majority of them have not been updated by Education and Children's Services since 2005 and 2006.

In particular sections 3 and 4 of the Financial Guidelines – Purchases of Supplies and Services and Payment of Invoices have not been updated and do not reflect current practice of orders being raised in Professional Electronic Commerce On-Line System (PECOS).

### Management Action Plan

The Financial Policies and Guidelines are currently under review and the sections highlighted will be updated as part of this review.

Importance:	Medium
Responsible Officer:	L Oswald, Acting Finance Manager
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	October 2013
Required Evidence of Completion:	Updated

### Auditor's Comments

Satisfactory

