



Internal Audit Report  
Education & Children's Service  
Financial Management of Through Schools  
Fairview School Assignment No.16-06(a)  
August 2016

## Final Report

Finance Division  
Corporate and Democratic Services  
Perth & Kinross Council  
Blackfriars Development Centre  
North Port  
Perth PH1 5LU

## Internal Audit Report

### Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

On 27th March 2013, the Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

### Background and Introduction

This audit was carried out as part of the audit plan for 2016/17, which was approved by the Audit Committee on 30 March 2016.

Financial Policies and Procedures have been prepared by the Education & Children’s Services (ECS) Finance Support Team. They provide the framework for financial management in establishments within the Service.

Fairview School is an additional support needs school for children and young people with severe and complex and enduring additional support needs. The school caters for pupils with severe social communication difficulties including those on the autistic spectrum.

This report details the findings in relation to Fairview School. Visits to the school took place during June 2016.

### Scope and Limitations

In order to arrive at an opinion on the achievement of the control objectives, the audit included interviews with the staff in Education & Children’s Service’s Finance Support Team and visits to Fairview School to review and test Financial Procedures.

### 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 the school is managed in accordance with the Financial Procedures as laid down by Education and Children’s Service.
Audit Comments: The Council’s Financial Regulations are supplemented by Education & Children’s Services, Financial Policies and Procedures which support financial management of schools and are published on the Council’s intranet, Eric. Testing confirmed that the financial management information was up to date. Monthly monitoring statements were being prepared, reflecting the current budget, committed and spend to date with the projected outturn highlighting any over/under spends. These statements are reviewed by the Head Teacher, and the school’s financial management system is updated to reflect current spend and out turn.

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Professional Electronic Commerce on Line System (PECOS) is used for ordering goods and services. The school inventory is updated annually.

The petty cash was found to be held securely and controlled and authorised adequately with proof of purchases available for transactions.

Testing confirmed that financial policies and procedures were in the main being adhered to in respect of school funds. Although the School's Fund Committee was in place the chairperson, treasurer and secretary have not been officially appointed. The minutes were not displayed, were lacking in detail of the topics discussed and made no reference to financial information. These are a requirement of the Financial Policies and Procedures.

The Auditor confirmed that the £250 safe limit for insurance is exceeded on occasions. This is due to a change in process as part of the banking review whereby all money is collected and banked on a monthly basis. The Service advised that the risk surrounding this is being managed by the Finance Support Team who are keeping and monitoring a register of when schools are exceeding their safe limits. The Service further advises that once ParentPay is in place, there will be less of a requirement to collect monies from children or parents, which will minimise the amount of cash held in the schools.

Strength of Internal Controls:	Moderately Strong
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### 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.

### Acknowledgements

Internal Audit acknowledges with thanks the co-operation of the staff at Fairview School and the ECS Finance Support during this audit.

### Feedback

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

## Internal Audit Report

### Distribution

This report has been distributed to:

B Malone, Chief Executive

J Fyffe, Senior Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform)

J Walker, Depute Chief Executive, HCC (Corporate and Community Development Services) and Chief Operating Officer

S Devlin, Director, Education & Children's Services

P McAvoy, Head of Education (Secondary and Inclusion)

S Johnston Head of Education (Early Years & Primary)

K McNamara, Head of Strategic Commissioning and Organisational Development

J Symon, Head of Finance

L Simpson, Head of Legal and Governance Services

F Gillespie, Headteacher, Fairview School

G Boland, Senior Business and Resources Manager

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 was J O'Connor. The supervising auditor was M Morrison.

This report is authorised for issue:

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Jacqueline Clark  
Chief Internal Auditor  
Date: 24 August 2016

## Internal Audit Report

### Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	School Funds	Medium

## Appendix 2: Action Plan

### Action Point 1 - School Funds

Although a School Fund Management Committee was in place the chairperson, treasurer and secretary have not been formally appointed.

In addition Education and Children's Services Financial Policies and Procedures require that minutes of school fund committee meetings be displayed within the establishment. Testing confirmed that the minutes did not detail the topics discussed, made no reference to financial information and were not displayed.

### Management Action Plan

- 1) The school will ensure that the committee is formally appointed.
- 2) School fund minutes to provide detail of topics discussed, including financial information and be appropriately displayed.

Importance:	Medium
Responsible Officer:	F Gillespie, Head Teacher
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	September 2016
Required Evidence of Completion:	1) Copy of minute formally approving committee 2) Copy of minutes detailing topics discussed, including financial information and confirmation they are displayed.

### Auditor's Comments

Satisfactory