



Internal Audit Report
Education and Children's Services,
Education: Secondary & Inclusion
14-09(b) Perth Grammar School
October 2014

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 2014/2015, as approved by Audit Committee on 2 April 2014.

Education & Children's Services provides the financial framework and guidance for secondary 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. This report details the findings in relation to Perth Grammar School. Visits to the school took place during June and July 2014.

Acknowledgements

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

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 procedures as these were covered in the previous audit of primary schools.

Control Objective: To review arrangements in place for the financial administration of secondary schools.

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 school prepares monthly monitoring statements which reflect the current budget, committed and spend to date and the projected outturn highlighting any over/under spends. These statements are reviewed by the Business Manager and the schools 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 inventory is updated annually.

The ECS procedural guidelines in respect of school funds are in the main being followed. Although financial statements are being prepared for school trips they are not being published as required by the guidelines. It was also noted that the two bank accounts did not state that they related to school funds.

As a result of changes to the cash collection contract, the school is no longer able to confirm the accuracy of their banking directly with the bank. They are now

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notified of any banking discrepancies via the ECS Finance Support Team. The auditor noted that a meals reconciliation review is being undertaken by the Financial Control Officers and the Catering Service Manager.	
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. 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.

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

B Millar, Perth Grammar School Head Teacher

H Davidson, Perth Grammar School Business Manager

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 is M Morrison. The supervising auditor is J Clark.

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 24 October 2014

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	School Funds - Trips	Low
2	School Funds – Bank Statements	Low

Appendix 2: Action Plan

Action Point 1 - School Funds - Trips

Education and Children's Services Financial Policies and Guidelines require that, where a contribution of greater than £25 is requested for a school trip, financial statements should be prepared and published on the school's noticeboard and website.

Although school trip financial statements are prepared they are not published. .

As a result of this finding, the websites relating to other secondary school were reviewed and it was found that their information relating to school trips is not routinely accessible.

Management Action Plan

1. The Business Manager will publish school trip financial statements on the school's website
2. The Finance and Governance Manager will remind Headteachers of the requirement to publish financial statements for school fund trips.

Importance:	Low
Responsible Officer:	1. H Davidson, Business Manager Perth Grammar School 2. J Cockburn, Finance & Governance Manager
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	1. December 2014 2. December 2014
Required Evidence of Completion:	1. Documentation evidencing publication of school trip financial statements 2. Copy of communication

Auditor's Comments

Satisfactory

Action Point 2 - School Funds – Bank Statements

Education and Children's Services Financial Policies and Guidelines state that a separate bank account must be operated for school funds. It was noted that the 2 bank accounts did not state that they related to school funds.

There is a risk funds may be misinterpreted as Council funds if bank accounts are not set up clearly detailing their purpose as school funds.

Management Action Plan

The Business Manager will arrange for the names of these two banks accounts to be changed so that they are clearly designated as school funds.

Importance:	Low
Responsible Officer:	H Davidson, Business Manager Perth Grammar School
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	Completed
Required Evidence of Completion:	Copy of bank statements clearly designated as school funds

Auditor's Comments

Satisfactory