



Internal Audit Consultancy Report
Assignment Number – 15-10
Modernising the School Office
February 2016

Final 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 Scope

This review was carried out as part of the audit plan approved for 2015/16 by the Audit Committee on 1st April 2015. The indicative scope of the review, agreed by the Committee was to provide advice on the control environment for the modernisation of the school office.

Specific areas of work

1.1 To follow up on Internal Audit Consultancy Report 14-17 Online Payments In Schools to ensure appropriate controls exist within the procured system and to ensure the integrity of the control environment.

1.2 To review the internal controls planned or in place for the efficient and effective management of modernising the finance functions, the business management functions, catering, and MRM (the management system for Live Active Leisure).

1.3 To ensure that Devolved School Management (DSM) is in accordance with current guidelines and that the guidelines provide appropriate guidance to officers dealing with services provided under these arrangements.

1.1 Follow up Internal Audit Consultancy Report 14-17 Online Payments In Schools

Audit Consultancy Report 14-17 was issued in March 2015 and since that date the procurement process has been completed and the contract award letter was issued to ParentPay in August 2015. A full implementation plan of the roll out was developed and implemented on 23 November 2015 using a representative sample of four schools (two all-through schools and two primary schools). These schools trialled the system to confirm its functionality. This was Phase 1 which was completed in February 2016. A communication and engagement plan was prepared for these test schools identifying the aims, objectives stakeholders and milestones. A draft user guide which is more specific for the schools has been prepared.

An issues log has been prepared which documents the description of any issue, who it is assigned to, the action taken and the status. This is a live document and is being regularly updated.

Internal Audit Report (Consultancy)

Phase 2 is the roll out and communication plan for the remaining 71 Primary Schools and 8 Secondary Schools. The roll out plan to all schools is phased to be completed by the commencement of the new 2016/17 school term.

A draft risk profile was prepared which highlights the risks to the project and identifies the appropriate controls and actions with target dates and ownership identified.

1.2 Modernising the Finance Functions; the Business Management Functions; catering and MRM.

Finance Functions

A scoping report on modernising finance functionality was presented to Senior Management Team in November 2014. The purpose of this project was to review the current methods of PKC banking, School Fund Financial Management and petty cash for all relevant Education and Children's Services establishments. As a consequence of this review all school fund accounts have been moved to the Royal Bank of Scotland. Petty cash is still under review and may be included within the purchase to pay project. The G4S service has been extended to the majority of schools with collections now being fortnightly rather than weekly.

A review of the Financial Policies & Procedures is currently being undertaken to ensure they continue to reflect current good practice. The schools funds package has been revised and updated.

Business Management Functions

A report was prepared by the Senior Business and Resources Manager on 6 March 2015 which provided the outcome of investigations carried out in respect of effective business management in secondary schools and sought approval for the recommendations highlighted in the report. It was recognised that the issues highlighted affected the service as a whole and five key areas that required further investigation were identified, namely Class cover and provision of supply; property; HR Processes; HR recruitment process and Health & Safety. An implementation plan for each of these areas has been developed and work is ongoing in respect of Class cover and provision of supply, health and safety and HR recruitment process. Work has since been completed in respect of property where, in conjunction with the DSM review, Property Services will retain the budget that they currently devolve to schools and will therefore cover all costs that relate to property repairs and maintenance in schools. In respect of HR processes sick leave for teachers is now on My View and progress is being made to have single status employees on My View by the Summer.

Catering

The Catering Admin/Finance project is currently focusing on improving the integrity of the data within the Cashless Catering system so that when each school goes live with ParentPay the two systems can exchange data. Once all schools go live with ParentPay, the current processes will be changed from manual to electronic.

MRM

A review of the use of MRM in campuses is being undertaken including the information supplied by this system as there is scope to improve the integrity of the source data.

A review of the booking system has been carried out including guidance on how this can be implemented across all establishments. The next step in the review will be to address quality issues and to test future bookings process in various scenarios.

1.3 The DSM is in accordance with current guidelines

A committee report titled "Devolved School Management (DSM) Review" was presented to the Lifelong Learning Committee on 4 November 2015 (Report 15/507 refers). The purpose of which was to detail the changes to the Perth & Kinross DSM as a result of reviewing the current scheme in light of revised national guidelines.

The scoping report for the DSM review was approved by ECS Senior management Team in April 2013 with an update report produced on 6 June 2014 which resulted in the creation of a taskforce to work towards implementation of the revised Perth & Kinross DSM scheme. The national DSM guidelines are supported by a self evaluation toolkit that can be used to provide assurance to councils and schools that their local DSM scheme follows all the principles laid out in the revised guidelines.

The questions in the toolkit were considered by the short term working group and by the task force and from the responses it was concluded that the core values and principles of a robust DSM scheme are being applied in the Perth & Kinross DSM scheme.

The short term working group recommended that the documents currently containing DSM information be revised and updated. The DSM scheme document has therefore been reviewed by the taskforce and hyperlinks added where relevant to all related legislation. In addition the ECS DSM guidelines are currently updated on an annual basis and are now linked to the scheme document.

Opinion

It is the opinion of the Auditor that there is a satisfactory control environment in place in respect of the work that has been completed and the ongoing work being carried out in respect of modernising the school office. Future development is proceeding to meet the requirements of the Service and may be the subject of a further report to the Committee.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation and assistance of the officers working in the ECS Finance and Business Improvement Teams.

Feedback

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

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Fyffe Senior Depute Chief Executive, Equality, Community Planning & Public Services Reform,

K McNamara, Head of Strategic Commissioning & Organisational Development

G Boland, Senior Business & Resources Manager;

F Easton, Change & Business Manager

J Symon, Head of Finance

J Cockburn, Finance & Governance Manager

C Walker, Improvement Officer

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The Auditor for this assignment was M Morrison. The supervising Auditor was J Clark.

Jackie Clark
Chief Internal Auditor
Date: 29 February 2016

