



Internal Audit Report
Education and Children's Services,
Education: Secondary & Inclusion
14-09(a) Blairgowrie High School
October 2014

Draft 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 Procedures. They provide the framework for financial management in establishments within the Service. This report details the findings in relation to Blairgowrie High School. Visits to the school took place during June 2014.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of the staff at Blairgowrie High 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 guidance 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. The school fund committee opted out of using the Council's procurement system and therefore according to ECS guidelines requests for goods/services should be actioned by completing an official pre-numbered school fund purchase order form. However, the Finance Support Team has been unable to supply the purchase order forms and consequently the school has continued to place orders through PECOS.

As a result of changes to the cash collection contract, the school is no longer able

Internal Audit Report

to confirm the accuracy of their banking directly with the bank. They are now 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.

Internal Audit Report

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 Leslie, Blairgowrie High School Head Teacher

K Sherry, Blairgowrie High School Business Manager

G Boland, Senior Business & 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

Internal Audit Report

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	School Funds - Purchases	Low

Appendix 2: Action Plan

Action Point 1 - School Funds - Purchases

Education and Children's Services' Financial Policies and Guidelines state that school fund committees have the option not to use the Council's procurement system, PECOS. However, the Finance Support Team are unable to provide the necessary documentation to enable schools to fully opt out of PECOS

Management Action Plan

The Finance & Governance Manager will inform all school that the PECOS system must be used and will update the Financial Policies and Guidelines to reflect this change.

Importance:	Low
Responsible Officer:	J Cockburn, Finance & Governance Manager
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	December 2014
Required Evidence of Completion:	Copy of communication and updated Financial Policies & Guidelines

Auditor's Comments

Satisfactory