

Item: 7.2

Monitoring and Audit Committee: 22 September 2022.

Internal Audit Report: School Establishment Audit – Shapinsay Community School.

Report by Chief Internal Auditor.

1. Purpose of Report

To present the internal audit report on administrative procedures and controls within Shapinsay Community School.

2. Recommendations

The Committee is invited to note:

2.1.

That Internal Audit has undertaken an audit of the administrative procedures and controls within Shapinsay Community School.

2.2.

The findings contained in the internal audit report, attached as Appendix 1 to this report, relating to administrative procedures and controls within Shapinsay community School.

It is recommended:

2.3.

That the Committee review the audit findings to obtain assurance that action has been taken or agreed where necessary.

3. Background

3.1.

Orkney has a school population of approximately 3,000. The Education Service oversees 23 schools in Orkney supporting school staff in providing a quality education experience for all young people, whatever their abilities.

3.2.

Shapinsay Community School provides education for children from the age of 3 to 12 along with eligible 2-year-olds. The school roll in 2020/21 was 3 children in Nursery/Preschool and 17 in Primary.

3.3.

The objective of this audit was to review the procedures followed within Shapinsay Community School, including areas such as school administration, financial management, human resource management and security.

4. Audit Findings

4.1.

The audit provides adequate assurance that there is a robust framework of administrative procedures and controls within Shapinsay Community School.

4.2.

The internal audit report, attached as Appendix 1 to this report, includes three medium priority recommendations within the action plan. There are no high level recommendations made as a result of this audit.

4.3.

The Committee is invited to review the audit findings to obtain assurance that action has been taken or agreed where necessary.

5. Corporate Governance

This report relates to the Council complying with governance and scrutiny and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

6. Financial Implications

There are no financial implications associated directly with the recommendations in this report.

7. Legal Aspects

Complying with recommendations made by the internal auditors helps the Council meet its statutory obligations to secure best value.

8. Contact Officers

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Barrie Hamill, Internal Auditor, extension 2182, email barrie.hamill@orkney.gov.uk.

9. Appendix

Appendix 1: Internal Audit Report: Shapinsay Community School.



Internal Audit

Audit Report

School Establishment Audit – Shapinsay Community School

Draft issue date: 24 August 2022

Final issue date: 12 September 2022

Distribution list:	Corporate Director for Education, Leisure and Housing Interim Head of Education Service Manager Primary Education Head Teacher
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Contents

Audit Opinion	1
Executive Summary	1
Introduction	2
Audit Scope.....	2
Audit Findings	4
Action Plan.....	5
Key to Opinion and Priorities.....	6

Audit Opinion

Based on our findings in this review we have given the following audit opinion.

Adequate

Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.

A key to our audit opinions and level of recommendations is shown at the end of this report.

Executive Summary

This audit reviewed various operational procedures in place at Shapinsay Community School including school administration, security, financial management and human resource management.

Our review provides adequate assurance that controls are in place and operating well but there are some improvements which would enhance the control environment.

Several areas of good practice were identified during the audit including:

- The school has a comprehensive list of policies and procedures which cover all aspects of school management and are accessible to staff.
- There are strong security controls in place throughout the school and robust fire procedures are in place.
- There is a detailed and up to date School Handbook containing useful information.
- Timesheets are accurately completed and submitted in accordance with payroll deadlines, and staff changes are timeously notified to the payroll section.

The report includes 3 recommendations which have arisen from the audit. The number and priority of the recommendations are set out in the table below. The priority headings assist management in assessing the significance of the issues raised.

Responsible officers will be required to update progress on the agreed actions via Pentana Risk.

Total	High	Medium	Low
3	0	3	0

The assistance provided by officers contacted during this audit is gratefully acknowledged.

Introduction

Orkney has a school population of approximately 3,000. The Education Service oversees 23 schools in Orkney supporting school staff in providing a quality educational experience for all young people, whatever their abilities. The service is committed to providing an enriching cultural environment for pupils through the expressive arts and instrumental tuition service.

Shapinsay Community School provides education for children from the age of 3 to 12 (Nursery to P7) along with eligible 2 year olds. Pupils are taught in 3 classes - Nursery / Preschool, P1-4 and P5-7. The School Roll in 2020-21 was 3 children in Nursery / Preschool and 17 in Primary.

This review was conducted in conformance with the Public Sector Internal Audit Standards.

Audit Scope

The objective of this audit was to review the procedures followed within Shapinsay Community School, including areas such as school administration, financial management, human resource management and security. Although the audit focussed on Shapinsay Community School the Education Service can apply the audit findings and any recommendations made to other schools as required.

Audit work included, but was not limited to, reviewing the procedures in place for:

1. **School Administration** including: -

- School meals – free school meals, reconciliation of school meals income
- Clothing allowances - administration
- Pupil records – maintenance, absence policy and monitoring
- Inventory – all assets, security of assets
- School fund – management
- Risk assessments – procedures
- School usage charging policy – out of hours usage
- Repairs and maintenance - procedures

2. **Security** including: -

- Security of building
- Safe – contents, security
- Key holder arrangements
- Fire drills – records

3. **Financial procedures** including: -

- Pupil Equity Funding (PEF) – spending, budget monitoring
- Petty cash – administration
- Banking – arrangements and frequency
- Income – private telephone calls and photocopying
- Procurement – ordering and payment of goods and services
- DSM budget – allocation and monitoring

4. Human resources including: -

- Staffing arrangements – appropriate level, contracts
- Supply cover – arrangements
- Overtime – administration
- Timesheets – administration
- Additional paid/unpaid leave

The audit will also review any changed or new procedures at the school in any of the above areas required because of the COVID-19 pandemic.

Audit Findings

1.0 Inventory

- 1.1 In accordance with the Council's Financial Regulations, the school is required to maintain an inventory of property such as office equipment, furnishings and plant and machinery. The school does not hold an inventory of such property.
- 1.2 The school should ensure that an inventory of property is maintained using photos of rooms and that any items valued over £5,000 are recorded and passed to the Council's insurance officer and that these are subject to an annual check.

Recommendation 1

2.0 Record Retention and Disposal

- 2.1 The Council's Financial Regulations state that arrangements should be in place for the proper management of financial, legal and other documents and that these documents are retained in accordance with any specific statutory requirements, including the Data Protection Act 2018, the Freedom of Information (Scotland) Act 2002, and any approved Council and / or management policies and procedures. The retention periods for specific documents are listed in the Council's Retention and Disposal Schedule.
- 2.2 During our visit to the school, we noted that records, including pupil records were securely held. However, the school have opted for a cautious approach in its retention of documents meaning there is a risk that some documents may not be retained in accordance with the Retention and Disposal Schedule.
- 2.3 The school should review the documents it is currently keeping and ensure that they are held in accordance with the Council's Retention and Disposal Schedule.

Recommendation 2

3.0 Financial Procedures

- 3.1 A review of the financial procedures carried out in the school indicates that relevant staff would benefit from an improved knowledge of Integra the Council's financial recording system, both in interrogating the system and in tracking of costs allocated to each of the budget centres. We would recommend that basic training on Integra and the budget monitoring processes be given to relevant staff in the school. This training might be of benefit to other small schools.

Recommendation 3

- 3.2 Small differences were identified in the Petty Cash and School Fund accounts. These can be resolved through improvements in financial controls such as regular reconciliations. Internal Audit will provide advice on this.
- 3.3 The development of guidance on school funds has been slow, and a previous larger school audit in 2020 recommended that guidance on school funds be progressed to completion as soon as possible and circulated to all schools to ensure there is consistent management of the funds. This action is currently in progress, so no recommendation is required.

Action Plan

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
1. The school should ensure that an inventory of property is maintained using photos of rooms and that any items valued over £5,000 are recorded and passed to the Council's insurance officer and that these are subject to an annual check.	Medium	Already started and the rest will be actioned	Head Teacher	31 December 2022
2. The school should review the documents it is currently keeping and ensure that they are held in accordance with the Council's Retention and Disposal Schedule.	Medium	Will need some time to action this, but will be done as soon as possible	Head Teacher	30 June 2023
3. Basic training on Integra and the Budget monitoring processes should be given to relevant staff in the school.	Medium	Work is ongoing to deliver training with support from Finance. This will also form part of the Devolved School Management Review.	Service Manager (Resources)	31 December 2022

Key to Opinion and Priorities

Audit Opinion

Opinion	Definition
Substantial	The framework of governance, risk management and control were found to be comprehensive and effective.
Adequate	Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Recommendations

Priority	Definition	Action Required
High	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium	Weakness in governance, risk management and control that if unresolved exposes the organisation to a high level of residual risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low	Scope for improvement in governance, risk management and control.	Remedial action should be prioritised and undertaken within an agreed timescale.