

Item: 6

Monitoring and Audit Committee: 28 March 2024.

Internal Audit Report.

School Establishment Audit – Kirkwall Grammar School.

Report by Chief Internal Auditor.

1. Purpose of Report

To present the internal audit report on administrative procedures and controls operating within Kirkwall Grammar School.

2. Recommendations

The Committee is invited to scrutinise:

2.1.

The findings contained in the internal audit report, attached as Appendix 1 to this report, relating to administrative procedures and controls operating within Kirkwall Grammar School, in order 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.

Kirkwall Grammar School serves the town of Kirkwall, as well as Orphir, the East Mainland, and the North and South Isles excluding the island of Graemsay. There are approximately 900 pupils on the school roll.

3.3.

The objective of this audit was to review the procedures followed within Kirkwall Grammar School, including areas such as school administration, financial management, human resource management and security. This review is part of a rolling programme of school audits.

4. Audit Findings

4.1.

The internal audit report, attached as Appendix 1 to this report, includes eight medium priority recommendations regarding financial management, CCTV, security, mandatory training, employment contracts, staffing, pupil records and risk assessments. There are also three low priority recommendations regarding the school policies, business continuity planning and the leave of absence process. There are no high priority recommendations made as a result of this audit.

4.2.

The audit provides limited assurance over the framework of administrative procedures and controls operating within Kirkwall Grammar School.

4.3.

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

5. Corporate Governance

This report is presented in order to comply with governance and scrutiny and therefore not for the exclusive purpose of supporting or relating to improved outcomes for communities as outlined in the Council Plan or 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 Officer

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9. Appendix

Appendix 1: Internal Audit Report: Kirkwall Grammar School.



Internal Audit

Audit Report

School Establishment Audit – Kirkwall Grammar School

Draft issue date: 27 February 2024

Final issue date: 14 March 2024

Distribution list:	Corporate Director for Education, Leisure and Housing Head of Education Service Manager Secondary and Tertiary Education KGS Head Teacher KGS Business Managers Team Manager (Resources) for Education, Leisure and Housing Service Manager (Primary Education)
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Audit Opinion

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

Limited

There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.

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

Executive Summary

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

Areas of good practice were identified during this audit, including:

- Pupil absence monitoring.
- A robust procedure is in place for the property inventory with photographic evidence as per the financial regulations.
- School meals procedures.
- Compliance with driving at work policy and procedures.

However, this audit has identified that there are several controls not in place, notably around financial management including the reconciliation of the school funds account, petty cash procedures and transaction records, security arrangements and health and safety risk assessments.

The report includes 11 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
11	0	8	3

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.

Kirkwall Grammar School (KGS) serves the town of Kirkwall, as well as Orphir, the East Mainland area of Orkney and the North and South Isles excluding the island of Graemsay, with 11 associate primary schools and 4 junior highs.

KGS has classes from S1 – S6. The school roll is approximately 900, of whom 260 are in S5 and S6.

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

Audit Scope

Audit work focused on the period from 1 April 2022 and included reviewing the procedures for:

1. Schools 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 (Leisure is responsible for overseeing the use of the theatre and sports facilities, therefore is outwith the scope of this audit).
 - 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.
 - Devolved School Management (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.

Audit Findings

1.0 Financial Management

- 1.1 Various budgets including the devolved school management budget are well managed. However, this audit identified the absence of robust controls regarding the management of the school fund account. The school uses Pebble (book-keeping software for schools) to reconcile school fund transactions recorded to the bank statement. There is a heavy reliance on one individual to manage this with no evidence of an independent person undertaking reconciliation of the school fund account or actively monitoring expenditure.
- 1.2 Although there is no formal school fund guidance yet in place, audit testing identified several areas of concern including:
- Transactions including cash withdrawals from the school fund account lacked evidence to verify the transaction.
 - The school fund account had been used to purchase back support equipment for a staff member.
 - A grant from Department of Work and Pensions for a staff member was deposited to this account in August 2022 and is still held within this account.
 - A personal credit card was used to purchase goods and reimbursed from the school fund account.
 - Purchases had been billed and delivered to a personal home address rather than using the school address details.
- 1.3 Small differences were identified in the petty cash accounts. Where a copy of a reimbursement sheet had been provided which was submitted to Customer Services, there was no evidence of correctly authorised and recorded petty cash transactions confirming reimbursement from the Council or outgoing expenditure. There was also no evidence of written petty cash procedures in place and one of the petty cash boxes was not secure.
- 1.4 A full review of roles and responsibilities should be carried out to ensure there is a separation of duties and authorisation limits in place when handling the school fund account and petty cash. Robust financial controls are necessary to protect individuals while also ensuring there is resilience for when those responsible are not available.

Recommendation 1

2.0 Security

- 2.1 Upon a visit to the school it was identified that there are CCTV cameras located at various points around the school. However, there is no signage to ensure that the public are aware that they are being recorded.
- 2.2 The school has a CCTV policy in place which sets out the requirements for the use of CCTV. Prior to the COVID-19 pandemic, it was common practice whereby an individual seeking access to the system completed a user request access form. Since the pandemic, this practice has ceased.
- 2.3 This audit found that the system used for monitoring and recording of CCTV is accessed by multiple staff sharing the same login details and password.

- 2.4 Given that the school is also used as a community building, the school must comply with UK General Data Protection Regulation (GDPR) requirements. Appropriate signage must be displayed to make people aware that they are being recorded and individual login details and access request forms should be in place to control access to the system.

Recommendation 2

- 2.5 Visitors are required to report to reception to sign in and are provided with visitor badges. It was observed during multiple visits to the school that the process for signing in and the details recorded were different on each occasion and when leaving the building after school hours there was nowhere to securely return the pass.
- 2.6 A list of key holders with access to the building was provided which identified one individual who is no longer employed by the Council. Also, a total of 11 keyholders had not returned keys when leaving post. The process for returning keys when an individual leaves post should be improved with an up to date record of key holders maintained.
- 2.7 The school is available for use by the community, having access to the building after 17:00 on weekdays and at weekends. Due to the design plan and layout of the building, the public can access upper floors by means of the two lifts and stairs. Although the main reception desk is staffed after 17:00 and at weekends, concerns have been raised about access to the building particularly between the end of the school day and when the building is used by the community.
- 2.8 A full security review should be undertaken by the Head Teacher to address the findings identified at paragraphs 2.5 to 2.7 above.

Recommendation 3

3.0 Policies & Procedures

- 3.1 The school has a comprehensive list of policies and procedures in place covering all aspects of school management. The staff handbook is reviewed annually in the summer and prior to the new school year commencing. However, it was evident from the staff handbook that the dates on which documents were last reviewed varied and there was no planned structure for review, which means policies and procedures can become outdated before they are subject to review.
- 3.2 It was identified upon assessing the Kirkwall Grammar School website that the copy of the school handbook was dated 2021-2022 and therefore out of date.
- 3.3 A system of review including a review of roles and responsibilities should be introduced to ensure all policies and procedures are reviewed and updated where required on a periodic basis, with a central record held to support this.

Recommendation 4

- 3.4 Although there is a business continuity plan for all schools held at Directorate level, there was no emergency or business continuity plan available for the school.
- 3.5 The school should ensure that there is an emergency or business continuity plan created which is made available to all staff and is regularly reviewed.

Recommendation 5

4.0 Staff Training

- 4.1 All staff are required to complete mandatory iLearn training on GDPR and information security. Where training is overdue, a notification is emailed to line managers.
- 4.2 The iLearn report confirmed that one member of staff had not completed any training on Information Security, there were 26 other members of staff with overdue mandatory training to complete.
- 4.3 The Head Teacher should ensure that all staff indicated as having overdue training should undertake the mandatory iLearn courses as soon as possible.

Recommendation 6

5.0 Staff Management

- 5.1 This audit reviewed the processes in place for staff requesting additional paid/unpaid leave. To apply for unpaid leave, staff must complete a leave of absence request form which if approved is signed and dated/authorised by the line manager. The request form is then approved by the Head of Service.
- 5.2 Of the seven requests sampled, only one form had been authorised appropriately while the remaining six were incomplete with missing information such as dates being omitted, request forms had not been submitted in accordance with the deadlines and one request had not been authorised by the service. All employees, however, had pay correctly deducted for their corresponding unpaid leave.
- 5.3 Processes should be put in place to ensure that the correct Leave of Absence request form is used for unpaid/paid leave and that these forms are properly authorised.

Recommendation 7

- 5.4 Audit testing showed that any contract changes (for example, termination, extension or promotion) had not been notified to the Payroll service in a timely manner and where termination of a contract is not received on time by Payroll, the individual continues to be paid.
- 5.5 A reminder email is sent to managers two months and subsequently one month before the contract ends. It is the line manager's responsibility to ensure contract changes are submitted timeously to Payroll.
- 5.6 A communication from Education Resources should be sent to education managers with line management responsibilities instructing them to forward emails containing reports on contract end dates to the Education Resources Team so that the appropriate notification forms can be completed and submitted to Payroll timeously.

Recommendation 8

6.0 Staffing arrangements - supply cover

- 6.1 During the period of this audit, the school has been met with various staffing challenges, a combination of long and short-term absences while also carrying numerous vacancies. Due to significant staffing pressures, the senior leadership team have all had to cover classes at the same time.
- 6.2 This audit identified that the process to arrange supply cover is not consistent and that there is more than one means to arrange cover. The process is heavily dependent on manual input

into spreadsheets which is rather time consuming and there is more than one version of these documents being worked from, also being held on separate individual desktops.

- 6.3 A review of the process for arranging supply cover should be undertaken with a view to streamlining the process and ensuring that there is one system in place which is accessible to all staff responsible for arranging supply cover.

Recommendation 9

7.0 Document retention and storage

- 7.1 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.
- 7.2 During Internal Audit's visit to Kirkwall Grammar School, it was identified that historic pupil records, together with historic excursion documents were held securely in a locked storeroom. However, the school have adopted a cautious approach to retaining documents and it was evident that some of these documents were not being held in accordance with the Council's retention and disposal schedule.
- 7.3 When a pupil moves up from primary school to Kirkwall Grammar School, the pupil's file is sent via various methods from the primary school – some files are sent from the primary school via their janitorial staff hand delivering them, while other schools send these files by post and other schools send them along with other staff members who may be visiting the school.
- 7.4 The process by which a primary school sends these files is dependent on the school and therefore the method by which Kirkwall Grammar School receives pupil records is inconsistent. There is a major risk that pupil records being sent in the post go missing.
- 7.5 A review should be carried out to ensure the data security of pupil records and there is a consistent method for the school receiving pupil records from the primary schools. Files in storage should also be held in accordance with the Council's retention and disposal schedule.

Recommendation 10

8.0 Health and Safety Risk Assessments

- 8.1 There is a general risk assessment for the whole school which is currently in date. However, at a departmental level, the process for undertaking and completing risk assessments was inconsistent.
- 8.2 Principal Teachers are required to complete any necessary risk assessments and it was identified that some of the key departments, such as science where one would expect to see a risk assessment was not evident.
- 8.3 For staff required to complete risk assessments, other than the Council's mandatory training, there was no evidence to confirm staff had undertaken appropriate training.
- 8.4 Risk assessments should be completed and documented, with an annual review process in place and be updated where necessary. Staff should also undertake appropriate training prior to undertaking risk assessments.

Recommendation 11

Action Plan

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
1 A full review of roles and responsibilities should be carried out to ensure there is a separation of duties and authorisation limits in place when handling the school fund account and petty cash. Robust financial controls are necessary to protect individuals while also ensuring there is resilience for when those responsible are not available	Medium	School fund guidance is currently being produced which will include roles and responsibilities, operational procedures and guidance on reconciliation and record keeping.	Head of Education	30 June 2024
		Petty cash policy to be devised and implemented.	Business Manager	30 April 2024
		Areas of concern will be rectified.	Business Manager	31 March 2024
2 Given that the school is also used as a community building, the school must comply with GDPR requirements. Appropriate signage must be displayed to make people aware that they are being recorded and individual login details and access request forms should be in place to control access the system.	Medium	Signage now put back up around the school and key staff reminded about policy for CCTV viewing.	-	Complete
		Individual logins will be requested. If this is not possible, 1 Depute Head Teacher will be appointed as sole user and policy will be updated to reflect this.	Business Manager	30 April 2024
3 A full security review should be undertaken by the Head Teacher to address the findings identified in paragraphs 2.5 to 2.7 above.	Medium	Investigation of electronic sign in system. Whilst this is in progress, review of sign in/out procedures with admin team.	Business Manager	31 August 2024
		Keyholder process to be improved.	Business Manager	31 March 2024

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
		Security review to take place with community colleagues, theatre team and key school staff. Where areas cannot be kept secure, risk assessment undertaken about items left out.	Head Teacher	31 August 2024
4 A system of review including a review of roles and responsibilities should be introduced to ensure all policies and procedures are reviewed and updated where required on a periodic basis, with a central record held to support this.	Low	A central record will be created which is accessible within and outwith the building. This will include information on review dates and responsible person. Review dates to be added to the Quality Assurance calendar.	Business Manager	31 August 2024
		Updated version of the school handbook has been uploaded to the website. Review of this will be added to the Quality Assurance calendar.	Business Manager	31 August 2024
5 The school should ensure that there is an emergency or business continuity plan created which is made available to all staff and is regularly reviewed.	Low	Review of Directorate level plan with Stromness Academy, Papdale Primary and Papdale Halls of Residence colleagues.	Business Manager	31 August 2024
		Kirkwall Grammar School Business Continuity plan to be created and shared with staff (in central database). Review of plan to be added to Quality Assurance calendar.	Business Manager	31 October 2024
6 The Head Teacher should ensure that all staff indicated as having overdue training should undertake the mandatory iLearn courses as soon as possible.	Medium	Monitoring process for iLearn training to be devised. All mandatory courses to be completed.	Business Manager	31 August 2024

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
7 Processes should be put in place to ensure that the correct Leave of Absence request form is used for unpaid/paid leave and that these forms are properly authorised.	Low	New Leave of Absence process in place		Complete
8 A communication from Education Resources should be sent to education managers with line management responsibilities instructing them to forward emails containing reports on contract end dates to the Education Resources Team so that the appropriate notification forms can be completed and submitted to payroll timeously.	Medium	Create and distribute process that incorporates further instructions to Management Teams in Schools on when information must be sent to Service to action.	Team Manager (Resources)	31 May 2024
9 A review of the process for arranging supply cover should be undertaken with a view to streamlining the process and ensuring that there is one system in place which is accessible to all staff responsible for arranging supply cover.	Medium	Review to be undertaken including consideration of full use of SEEMIS	Business Manager	31 October 2024
10 A review should be carried out to ensure the data security of pupil records and there is a consistent method for the school receiving pupil records from the primary schools. Files in	Medium	Review to be undertaken and any actions arising from this review will lead to an action plan including a timeline for any changes.	Service Manager (Primary Education)	4 July 2025

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
storage should also be held in accordance with the Council's retention and disposal schedule.		Paper files stored in the secure storage, along with electronic files, will be reviewed in line with the Council's retention and disposal schedule	Business Manager	30 April 2024
11 Risk assessments should be completed and documented, with an annual review process in place and be updated where necessary. Staff should also undertake appropriate training prior to undertaking risk assessments.	Medium	Database devised and monitoring added to Quality Assurance calendar.	Business Manager	31 August 2024
		All risk assessments reviewed annually with Principal Teachers (FR to oversee the process as the appropriately trained person.)	Business Manager	31 August 2024
		Review of school trips procedures to ensure safeguarding and risk assessment information is fully incorporated in planning.	Business Manager	31 August 2024

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 significant 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.