

Item: 7.1

Monitoring and Audit Committee: 21 September 2023.

Internal Audit Report

School Establishment Audit – North Walls Community School.

Report by Chief Internal Auditor.

1. Purpose of Report

To present the internal audit report on administrative procedures and controls within North Walls Community 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 within North Walls Community 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.

North Walls Community School serves the island of Hoy. The 2022 School Roll recorded on the Scottish Government Parentzone Scotland website shows 19 pupils. Pupils are within three classes: Nursery, P1-3 and P4-7.

3.3.

The objective of this audit was to review the procedures followed within North Walls Community 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 audit provides adequate assurance that there is a robust framework of administrative procedures and controls within North Walls Community School.

4.2.

The internal audit report, attached as Appendix 1 to this report, includes six low priority recommendations regarding the staff handbook, security of assets, emergency action plan, pupil equity funding, the community schools handbook and budget monitoring. There are no medium or high priority recommendations made as a result of this audit.

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 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 Officer

Andrew Paterson, Chief Internal Auditor, extension 2107, email andrew.paterson@orkney.gov.uk.

9. Appendix

Appendix 1: Internal Audit Report: North Walls Community School.



Internal Audit

Audit Report - School Establishment Audit – North Walls Community School

Draft issue date: 17 July 2023

Final issue date: 29 August 2023

Distribution list:	Corporate Director for Education, Leisure and Housing Head of Education Service Manager Primary Education Head Teacher Clerical Assistant Finance Systems Manager Service Manager Community Learning, Development and Employability
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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 North Walls 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 detailed and up to date School Handbook containing useful information for parents.
- There are strong security controls in place, including restricted access from the community centre area to the school premises at all times and the development of a lockdown procedure.
- There is up to date photographic record as inventory evidence, and strong controls over OIC ICT equipment issued to staff and pupils.

The report includes 6 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
6	0	0	6

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.

North Walls Community School serves the island of Hoy. The 2022 School Roll recorded on the Scottish Government Parentzone Scotland website shows 19 pupils. Pupils are within three classes: Nursery, P1-3 and P4-7.

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 North Walls Community School, including areas such as school administration, financial management, human resource management and security. Although the audit focussed on North Walls 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. 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.
- 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.

Audit Findings

1.0 Documented policies and procedures

- 1.1 The school's policies and procedures in respect of all aspects of school management and operation should be documented, available to all staff and reviewed regularly. These are held within the staff handbook which is currently being updated and was not available at the time of the audit visit.
- 1.2 The school should ensure that the staff handbook containing policies and procedures is completed and made available to all staff in digital or hard copy format.

Recommendation 1

2.0 Asset security

- 2.1 Valuable items which do not have OIC asset labels, e.g., the photocopier, smart boards etc., should be marked by a UV pen, as the property of the school / Council.

Recommendation 2

3.0 Business Continuity / Emergency Action Plan

- 3.1 The school historically had an Emergency Action Plan document. The prior Headteacher (HT) had begun an update of this document, but this was not completed.
- 3.2 The school should ensure that the Emergency Action Plan document is completed and made available to all staff in digital or hard copy format.

Recommendation 3

4.0 Pupil Equity Funding

- 4.1 During the audit it was noted that expenditure under the Pupil Equity Funding (PEF) included small amounts in respect of insurance costs. This has arisen as a result of costs in respect of Commercial Liability, Personal Accident and Fidelity Guarantee (FG) Crime Insurances being allocated centrally to various cost codes in tandem with staff costs. As the PEF expenditure code included costs in respect of a backdated pay award for certain members of nursery staff acting as pupil support, rather than nursery practitioners, during COVID-19 recovery period in 2020/21, associated insurance costs have also been charged to the schools PEF expenditure code.
- 4.2 The national operational guidance on PEF expenditure ([Pupil Equity Funding : National Operational Guidance 2023 \(www.gov.scot\)](https://www.gov.scot/publications/pupil-equity-funding-national-operational-guidance-2023/pages/1-1-introduction-and-what-is-pef-expenditure.aspx)), requires that additional corporate costs associated with PEF, should be reasonable and proportionate. It is not clear whether the entirety of the insurance costs recharge noted at 4.1 would fulfil that requirement. This issue will apply to all school establishments which have staff costs charged to their PEF expenditure code.
- 4.3 Guidance should be sought by the Education Service on whether the entirety of the charge made to the PEF expenditure codes for insurance is valid.

Recommendation 4

5.0 Community Schools Handbook

- 5.1 During the audit it was noted that the most recent updated draft of the Community Schools Operational Handbook (Nov 22) does not reflect the Concerto system for managing repairs and maintenance.
- 5.2 The draft of the Community Schools Operational Handbook should be updated to reflect the Concerto system.

Recommendation 5

6.0 Financial management

- 6.1 A review of the financial procedures carried out in the school revealed that staff time was spent each month reformatting the results from the Integra budget monitoring report (BMR) output into a more comprehensible spreadsheet for the HT. This format of Total Budget / Spend to Date / Remaining Budget across 5 or 6 broad categories was argued to provide the necessary figures for financial management in the most accessible form. This might be applicable for other head teachers or budget holders.
- 6.2 The financial systems manager has confirmed that it would be possible to make such a report available as one of the Crystal reports available to a budget holder.
- 6.3 North Walls Administration staff should supply a report template to allow an additional Crystal report to be developed to reflect the required format.

Recommendation 6

Action Plan

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
1. The school should ensure that the staff handbook containing policies and procedures is completed and made available to all staff in digital or hard copy format.	Low	The Staff Handbook is in the process of being rewritten. It has turned out to be a larger task than expected, if it to be done properly – which is what we want.	Head Teacher	31 October 2023
2. Valuable items which do not have OIC asset labels, e.g., the photocopier, smart boards etc., should be marked by a UV pen, as the property of the school / Council.	Low	These items will be labelled as OIC property.	Head Teacher	31 August 2023
3. The school should ensure that the Emergency Action Plan document is completed and made available to all staff in digital or hard copy format.	Low	The School Emergency Plan has now been completed and is ready to be ratified by the Parent Council, the North Walls Centre Committee and the Heathy Living Centre (as North Walls is a communal facility)	Head Teacher	30 September 2023
4. Guidance should be sought by the Education service on whether the entirety of the charge made to the PEF expenditure codes for insurance is valid.	Low	Advice has been sought and we are awaiting a response	Quality Improvement Officer Attainment and Achievement	31 October 2023

<p>5. The draft of the Community Schools Operational Handbook should be updated to reflect the Concerto system.</p>	<p>Low</p>	<p>The Community Learning Development and Employability Team are currently looking to update the Community Schools Operational Handbook, however a larger review of Community Schools may also be undertaken across ELH.</p>	<p>Service Manager Community Learning, Development and Employability</p>	<p>30 September 2024</p>
<p>6. North Walls Administration staff should supply a report template to allow an additional Crystal report to be developed to reflect the required format.</p>	<p>Low</p>	<p>We will be happy to distribute this template to school administrators but do not accept that this as a specific recommendation for development at North Walls</p>	<p>Forward template – Head Teacher Develop Crystal report – Finance Systems Manager</p>	<p>31 December 2023</p>

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.