Glasgow City Council Internal Audit Section
Committee Summary
Education Services & Financial Services – School Financial Processes

Item 4(h)

24th January 2024

1 Introduction

1.1 As part of the agreed Internal Audit plan, we have carried out a review of the school financial processes in operation across the Education estate.

1.2 The Education Services (ES) Administration and Business Support team provide support to all establishments regarding delivery of their admin function and financial tasks. The team includes 15 Area Finance Advisors (AFA's), each with responsibility for up to 23 establishments, and their role is to provide financial advice and guidance to Heads of Establishments and clerical officers. Another key part of the AFA's functions requires them to provide financial information to the Education Budget Unit within Financial Services (FS) who are responsible for updating the financial ledger and monitoring the overall ES budget position.

1.3 The purpose of the audit was to gain assurance that there are sufficient and appropriate controls in place covering school financial processes across the ES estate. The scope of the audit included:

- A walkthrough of the processes and review of the documented guidance in relation to the financial processes within schools.
- Ensuring that documented guidance is available to relevant parties and that staff are suitably aware of the financial processes in place.
- A review of a sample of education establishments to ensure compliance with agreed procedures and guidance.
- Ensuring that roles and responsibilities are documented and that appropriate support arrangements for school clerical staff are in place.
- Reviewing the training arrangements for all relevant staff.
- Ensuring that expenditure related to education establishments is appropriately reported, monitored and recorded in the ledger.
- Reviewing the arrangements in place to provide suitable management information to appropriate officers and groups for scrutiny.
- A review of the Business Continuity Arrangements in place.

2 Audit Opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and four recommendations which management should address.

3 Main Findings

3.1 We are pleased to report that the key controls are in place and generally operating effectively. School financial processes are undertaken by appropriate officers, and effective cross service working arrangements were found to be in operation. This involves the AFA's and Clerical Officers within ES, and the Budget Unit within FS.

3.2 School budget information and expenditure is appropriately reported, monitored, and recorded in the ledger, in line with the guidance and period end reporting dates.

3.3 Suitable management information is produced periodically by the AFA's and provided to the relevant Heads of Establishments. This allows for regular scrutiny and awareness of the establishment's changing financial position and gives the Head of Establishment an opportunity to query potential issues or variances

3.4 A sample of five areas covering 15 establishments was selected and testing was carried out to ensure that the financial processes were being carried out as expected. Notwithstanding the issues noted below, no significant areas of concern were identified. We also found that there were adequate processes in place and that clerical staff demonstrated an awareness of their role and that of their allocated AFA.

3.5 However, our audit testing found that there are some areas where improvements could be made. An AFA Guidance Note for use by all relevant staff is in place, however, we identified that updates are required to ensure this is reflective of current working practices and roles and responsibilities are clearly recorded and defined. There is also no formal schedule of review in place and the document was also not found to be accessible to all staff.

3.6 Suitable training arrangements are in place for clerical officers, however we identified that some staff have outstanding training requirements and have not completed all required financial training.

3.7 Arrangements for officers to escalate any concerns regarding non-compliance with expected financial controls or processes were found to be informal and undocumented.

3.8 Work is currently ongoing within ES to finalise the Business Continuity Plan (BCP) covering the AFA's, however at the time of the audit fieldwork this was still held in draft.

3.9 An action plan is provided at section four outlining our observations, risks and recommendations. We have made four recommendations for improvement. The priority of each recommendation is:

Priority	nition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	3
Low	Lower level controls absent, not being operated as designed or could be improved.	1
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

3.10 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.11 We would like to thank officers involved in this audit for their cooperation and assistance.

3.12 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Documented guidance is available to relevant parties and staff and is reflective of current working practices.				
1	The Admin and Business Support Team within ES have developed an AFA Guidance Note for use by all relevant staff. On review of the document, we noted that the roles and responsibilities of the AFA's and Clerical Officers based within establishments were not clearly documented or defined. Although the New Financial Year processes are covered in the guidance, we noted that the requirement to meet with the Head of Establishments at the start of the new school term is not consistently being followed across the ES estate. No formal frequency of review has been established for the AFA Guidance and version control was found not to be in operation. Also, we identified that the Budget Unit guidance relating to Business Warehouse and SAP reports, had been updated in August 2023, but that the AFA Guidance had not been updated to reflect this.	ES management should: • Review and update the documented AFA guidance to ensure the roles and responsibilities of all officers are clear and defined, and that processes are reflective of current working practices. • Ensure a formal schedule for review is established and a responsible officer is assigned to this task. Thereafter, the guidance should be appropriately communicated to all relevant staff, with a reminder of the importance of adhering to the requirements outlined. The documentation should also be appropriately stored to ensure that this is easily accessible.	**Medium**	**Response:** Accepted. The revised AFA Guidance was implemented in August 2022 and is planned to be reviewed by the end of December and annually thereafter for all relevant guidance documents for all admin processes in Education. The budget unit (Corporate Finance) will continue to update processes and feed to the AFAs for inclusion in the guidance. All relevant staff will be reminded of the access they have to relevant shared spaces. **Officer Responsible for Implementation:** Support Services Manager (Operations) & Finance Manager (Education) **Timescales for Implementation:** 31 December 2023

No.	Observation and Risk	Recommendation	Priority	Management Response
	We were further advised that relevant staff do not have access to the AFA or Budget Unit guidance due to the lack of a shared space. The current arrangements increase the risk of inconsistent practices and errors being made.			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: A documented formal escalation process is in operation.				
2	We found that officers directly involved in school financial processes are aware of how to escalate issues and/or areas of non-compliance. However, we noted that the arrangements are not formally documented. Therefore, we were unable to place assurance that the process is being consistently applied across the education estate. Without a formal escalation process there is an increased risk that management are not made aware of any areas of concern in a timely manner to investigate where appropriate.	ES management should remind all staff of the arrangements that should be followed if an officer has concerns and who these should be escalated to.	**Low**	**Response:** Accepted. The procedures on Glasgow Online will be updated to reflect escalation for areas of concern and an email will be sent to all staff the remind them that this is on Glasgow Online. **Officer Responsible for Implementation:** Support Services Manager (Operations) **Timescales for Implementation:** 31 December 2023

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Suitable training arrangements are in place, and these are monitored to ensure all staff have completed all required training.				
3	We found appropriate training requirements for Clerical Officers have been identified and documented. However, from review of the training records provided, we identified some staff who have not completed all of the required financial processing training, this includes PECOS and SAP courses and attendance at the Information Session for Clerical Staff which was delivered over February/March 2023. Gaps in officer training increases the risk of inconsistent working practices across the estate.	ES management should develop a plan to address all outstanding training needs and ensure that these are addressed in a timely manner.	**Medium**	**Response:** Accepted. Education has an existing training plan for Clerical and AFAs. New staff also have an induction plan which includes training. This can be linked to the availability of training courses - SAP and PECOS access is not given to staff unless they have completed the training. This training plan will be updated for new staff following recent recruitment. Regular PCRs also identify any other training requirements. **Officer Responsible for Implementation:** Support Services Manager (Operations) **Timescales for Implementation:** 29 February 2024

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Business continuity arrangements and contingency planning is in place to maintain service levels in the event of disruption.				
4	Work is currently ongoing to finalise the BCP for the Education Admin and Business Support Team – Finance, however at the time of the audit fieldwork this had not been completed. Without a BCP or contingency arrangements in place, there is an increased risk that vital processes or interdependencies between stakeholders are not considered if a situation arises and normal working arrangements are unable to be carried out.	ES management should ensure that the Education Admin and Business Support Team draft BCP is finalised and approved in a timely manner.	**Medium**	**Response:** Accepted. The BCP is now complete for this area. **Officer Responsible for Implementation:** Support Services Manager (Operations) **Timescales for Implementation:** Complete