

# Glasgow City Council Internal Audit Section

## Committee Summary

### Education Services and Financial Services – ParentPay

**Item 5(b)**

**22nd May 2024**

## 1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of the online school payments system, ParentPay.
- 1.2 ParentPay is operational at all mainstream primary and all secondary schools across the city. There are two elements to the system:
  - Online School Fund Payments (such as activities, trips, uniforms, events, and clubs) - Education Services (ES) has responsibility for these payment items.
  - School Meals (known as Cashless Catering) - managed by Catering and Facilities Management (CFM) in Financial Services (FS).
- 1.3 FS Corporate Finance (CF) is responsible for all financial elements relating to ParentPay, including financial reporting, budget monitoring, Free School Meal (FSM) expenditure, and recharging to ES. Each individual school is responsible for managing their own school fund account.
- 1.4 The purpose of the audit was to ensure there are sufficient and appropriate controls in place covering the ParentPay system, both locally within education establishments, and centrally across the estate and other service areas. The scope of the audit included:
  - Documented procedures and roles and responsibilities.
  - Implementation of ParentPay by establishments.
  - User training and communications.
  - Refunds and cancellations of charges.
  - Budget monitoring and reconciling of income.
  - Monitoring and pursuit of debt.
  - The effectiveness of ParentPay in achieving desired objectives.
  - Business Continuity and contingency planning arrangements.

## 2 Audit Opinion

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

## 3 Main Findings

- 3.1 We found that although there are a wide range of ES procedures relating to ParentPay and associated processes, there were no formal review arrangements for these in place. Management Circular 23 (MC23) has also not been updated to reflect the use of ParentPay and still refers to out-of-date information and staff arrangements. CFM also hold procedures, however we found that these too had not been updated to reflect current working practices.
- 3.2 There are currently only limited training arrangements in place to support staff in the use of ParentPay. We also identified that there is currently no process in place within ES to ensure that new members of staff are given training on the system and are expected to rely on peer support and on-the-job training.
- 3.3 We observed that there was a lack of awareness by school clerical staff of ES local procedures that have been created to support the use of ParentPay. School clerical staff also demonstrated a lack of confidence when using the system and were not fully aware of their roles and responsibilities in the process.
- 3.4 Although ParentPay is operational in all schools, the degree to which schools are using the system varies widely across the estate. It is the responsibility of the schools to promote use of the system. We were informed by a number of members of staff that there is a lack of understanding around FSM entitlement, with some parents/carers incorrectly believing this includes breakfast club. This has resulted in debt balances building up on some ParentPay accounts.
- 3.5 Meetings to discuss the system and potential issues/areas of concern take place with CFM, CGI and ES invited to attend. ES also hold client meetings with ParentPay representatives and CFM are invited. We were informed that attendance at these meetings is sometimes limited. Throughout the review, we noted that the working relationship between all services involved could be improved.
- 3.6 From a sample of 15 schools (consisting of both primary and secondary schools) we identified several areas of non-compliance with current procedures and ParentPay specific requirements. These are detailed at Recommendation 4 within the Action Plan and in Appendix A.

- 3.7 There are no monitoring arrangements in place to ensure that staff who leave are de-activated from the system. The responsibility of this lies with individual schools, however no evidence was supplied to demonstrate this is being adequately monitored by ES HQ.
- 3.8 There are specific ES procedures in place for ParentPay refunds and credits, including requirements for authorisation and document retention. There are also procedures in place for school meal credits and discretionary credits. Through sample testing we identified several areas where these procedures were not being adhered to and the correct approval had not been obtained. We also observed that there was a significant number of recorded debits/credits which could not be explained by either ES or CFM staff.
- 3.9 There is a debt management procedure in place, which aligns to the COSLA good practice guide for school meals. However, we identified areas of non-compliance with the procedure, which are outlined in detail at Recommendation 6 within the Action Plan.
- 3.10 In the event of a failure of ParentPay, we were advised that schools would revert to manual processes. However, since the system was introduced, no business continuity arrangements or contingency plans have been documented or formally tested.
- 3.11 An action plan is provided at section four outlining our observations, risks and recommendations. We have made seven recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	3
Medium	Less critically important controls absent, not being operated as designed or could be improved.	4
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and / or efficiencies have been identified.	0

- 3.12 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.13 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.14 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
<b>Key Control:</b> Documented procedures in relation to ParentPay and associated processes are in place and reflective of current working practices.				
1	<p>Although there are a wide range of ES procedures in place relation to ParentPay and associated processes, we noted the following:</p> <ul style="list-style-type: none"> <li>There is no formal timetable for ensuring these are reviewed and updated on a regular basis.</li> <li>MC23 has not been updated to reflect the use of ParentPay. This document is dated August 2018 and refers to staffing information that is no longer accurate.</li> </ul> <p>The Catering Finance team within CF, hold procedures relating to the Cashless Catering facility and recharging to ES, however we noted that these also referred to out-of-date information and were not reflective of current working practices.</p> <p>A lack of up-to-date procedures increases the risk of inconsistent practices and errors being made.</p>	<p>ES and FS management should review all current ParentPay and Cashless Catering procedures and ensure these are up-to-date and reflect current working practices.</p> <p>Thereafter, these should be appropriately approved, regularly reviewed and communicated to all relevant staff, with a reminder of adhering to the requirements outlined.</p>	Medium	<p><b>Response:</b></p> <p>ES - Accepted. All procedures are reviewed on an annual basis and ad hoc when required. This will be documented in the ES Action Log. MC23 will also be updated.</p> <p>FS - CFM are currently in the process of setting up a revised SLA with ES in respect of the Catering Service. As part of this we are also reviewing the procedure notes, and will update these accordingly, subject to approval, and will ensure that these are reviewed on at least a yearly basis and following any material service changes.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>ES - Support Services Manager Finance Manager</p> <p>FS – Senior Accountant</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
				<b>Timescales for Implementation:</b> ES – 31 August 2024 FS – 31 October 2024
<b>Key Control:</b> The roles & responsibilities of all officers and services involved in ParentPay are clear, understood and staff have been appropriately trained.				
2	<p>There are currently no formal training arrangements in place to support staff in the use of the ParentPay system. ParentPay provides online training videos which staff can access; however, these are not mandatory, nor do they cover any of the local ES procedures created to support the use of ParentPay.</p> <p>We also identified that there is currently no process in place within ES to ensure that new members of staff are given training on the system and instead they are expected rely on peer support and on-the-job training.</p> <p>Through discussion with school clerical staff, we were advised that all used the online ParentPay guidance, however there was a clear lack of awareness of ES local procedures/arrangements. School clerical staff also demonstrated a lack of confidence when using the system and</p>	<p>ES management should review the current arrangements to ensure that a process is developed to capture that all staff have been provided adequate training before they commence using ParentPay.</p> <p>Management should also review the training requirements and processes and put in place appropriate arrangements so that staff have the skills and knowledge necessary.</p> <p>When reviewing the procedures outlined at Recommendation 1, management should ensure that the role &amp; responsibilities of all officers and services are documented.</p>	Medium	<b>Response:</b> Accepted. Training has to be completed by all new staff and, refresher training is available for existing staff. This will be updated in the clerical training schedule. Additionally, one to one support is also offered to staff who request it. Reminders will also be issued re all procedures on Glasgow Online.  <b>Officer Responsible for Implementation:</b> Support Services Manager  <b>Timescales for Implementation:</b> 31 August 2024

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>were not fully aware of aware of their roles and responsibilities in the process.</p> <p>A lack of officer awareness in relation to roles and responsibilities and having inadequate training arrangements increases the risk of inconsistent practices occurring and errors being made. practices occurring and errors being made.</p>			
<b>Key Control:</b> Adequate arrangements are in place to ensure that ParentPay is being appropriately publicised, communicated to all users and being adequately monitored by senior officers.				
3	<p>We found that although ParentPay is in operation by all schools, the uptake by parents/carers varies amongst establishments. The activation rates range from 4% to 100% with the average being 77%. It is the school's responsibility to communicate with parents/carers and encourage them to start using the system.</p> <p>We observed that there is a lack of awareness with some parent/carers around FSM entitlement, resulting in debt balances on their ParentPay account. We were advised that pupils who are entitled to universal FSM (Primary 1 to 5), there is a belief that this also includes the cost of Breakfast Club, however this incorrect. For one school the communication issued to parents/carers in relation to this matter was unclear.</p>	<p>ES management should ensure that all schools with low activation rates are reminded of their responsibilities to encourage parents/carers to register with ParentPay. Thereafter, arrangements should be put in place to monitor uptake rates, and action taken where insufficient improvements are made.</p> <p>Management should also update communications in place for FSM entitlement to ensure that these are clear and understood by all officers involved and by parents/carers.</p> <p>Lastly, ES and CFM should ensure that attendance at arranged client meetings is undertaken on a regular basis by all services to ensure arising issues or areas of concern can be addressed in a timely manner.</p>	Medium	<p><b>Response:</b></p> <p>ES -Accepted</p> <p>Regular reports are monitored, and reminders issued. Further reminders will continue to be issued. School handbooks and website information will be updated in the summer review.</p> <p>CFM - CFM are attending meetings with, CGI, Parent Pay and ES now on a four-weekly basis.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>ES – Support Services Manager</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>Meetings to discuss the system and potential issues/areas of concern take place with CFM, CGI and ES invited to attend. ES also hold client meetings with ParentPay representatives and CFM are invited. We were informed that attendance at these meetings is sometimes limited, and we noted that the working relationships between the various parties could be improved.</p> <p>The current arrangements increase the risk of inconsistent practices across the school estate. The lack of adequate communication and a lack of effective monitoring increases the risk that the system is not being used appropriately by parents/carers. There is also an increased risk that issues are not being detected and therefore remedial action is not being taken in a timely manner.</p>			<p>CFM - CFM Operations Support Manager</p> <p><b>Timescales for Implementation:</b></p> <p>ES – 31 August 2024</p> <p>CFM - April 2024 and ongoing every four weeks.</p>
<b>Key Control:</b> Appropriate arrangements are in place to ensure establishments have implemented and are using the system as expected				
4	<p>Through sample testing of the 15 schools, we noted several areas of non-compliance in relation to the use of ParentPay. Full details of findings are recorded in Appendix A.</p> <p>We also noted a key requirement for all schools to conduct a 'daily upload'. This allows for information to be transferred</p>	<p>ES management should inform all relevant schools that they must:</p> <ul style="list-style-type: none"> <li>• Use the ParentPay system for any in-scope activities;</li> <li>• Adhere to the associated procedures;</li> <li>• Ensure that the correct paperwork is used and appropriately retained;</li> </ul>	High	<p><b>Response:</b></p> <p>Accepted.</p> <p>Reminders will be issued for all points and will also be incorporated in the regular established bulletins.</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>from SEEMiS to ParentPay and then on to the respective catering systems. This includes information such as entitlement to FSM. However, from review of two daily upload reports, we noted that not all schools were undertaking the task as expected (for example, some schools were taking approximately 10 days to upload the required information to the system).</p> <p>We were advised that new monitoring arrangements within ES HQ have recently commenced to monitor daily upload activity for schools.</p> <p>There are no monitoring arrangements in place to ensure that staff leavers are deactivated from the system. The responsibility of this lies with individual schools, however no evidence was supplied to demonstrate this is being adequately monitored by ES HQ.</p> <p>Failure to adhere to the key procedures in place increases the risk of inconsistent practices occurring and errors being made. The use of non-GCC devices to undertake school fund activities increases the risk of information not being appropriately managed. There is also a risk of unauthorised access to the ParentPay system if leavers are not deactivated in a timely manner.</p>	<ul style="list-style-type: none"> <li>• Ensure that only Council devices are used in the course of their duties; and</li> <li>• Remove leavers' access to the system in a timely manner.</li> </ul> <p>Thereafter, ES management should ensure that arrangements are put in place to monitor compliance with the procedures, including leavers, and action taken where areas of non-compliance are found.</p>		<p><b>Officer Responsible for Implementation:</b></p> <p>Support Services Manager</p> <p><b>Timescales for Implementation:</b></p> <p>31 August 2024</p>



No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> There are adequate arrangements in place to prevent unauthorised refunds or credits.				
5	<p>There are specific ES procedures in place for refunds and credits in respect of ParentPay. The procedures state that a refund and credit authorisation form must be completed by the Head of Establishment/Senior Management Team member and documents should be retained as evidence.</p> <p>For school meal corrections a template should be completed and emailed to CFM. For discretionary credits where debt is written off, there is a specific form which should be completed and sent to ES HQ for authorisation.</p> <p>We obtained a report of all refunds and credits made on ParentPay since April 2023. This report contained a significant number of entries which were classed as 'adjustments at till'. However, ES HQ, Finance or CFM were unable to advise what these adjustments were or why they were generated.</p> <p>Through sample testing of 10 refunds/credits, we noted the following areas of non-compliance:</p> <ul style="list-style-type: none"> <li>The correct forms had not been completed across all of the sample.</li> </ul>	<p>ES and CFM management should investigate the circumstances in relation to the "adjustments at till" transactions and determine if further action is required.</p> <p>Thereafter, management should ensure that all officers are reminded of the refund and credit procedures in place and that these must be adhered to at all times.</p> <p>ES management should also ensure that adequate monitoring arrangements are developed for refunds and credits and details of these are adequately maintained for audit purposes.</p>	High	<p><b>Response:</b></p> <p>ES – Accepted.</p> <p>Reminders will be issued for all points and will also be incorporated in the regular established bulletins.</p> <p>Random checks and subsequent follow ups will be continued re unauthorised credits by schools.</p> <p>ES cannot investigate 'adjustments at tills'. This is a CFM function. CFM are pursuing.</p> <p>However, ES will raise this with ParentPay at next account meeting.</p> <p>CFM - CFM management are investigating the circumstances in relation to the 'adjustments made to match till balance' and determine if further action is required.</p> <p>CFM management will ensure that all officers are reminded of the refund and credit procedures in place and ensure that these are adhered to at all times.</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<ul style="list-style-type: none"> <li>One did not have the required ES HQ approval.</li> <li>School clerical staff were processing school meal credits but had not completed the required template.</li> </ul> <p>There are also currently no monitoring arrangements in place by ES HQ to ensure that refunds and credits are being undertaken in line with procedure. Nor are there any system controls in place within ParentPay to prevent an officer for completing a refund without authorisation.</p> <p>The current arrangements increase the risk that unauthorised or incorrect refunds and credits are made. The lack of adequate monitoring arrangements also increases the risk of potential fraud and errors not being detected in a timely manner.</p>			<p><b>Officer Responsible for Implementation:</b></p> <p>ES – Service Support Manager</p> <p>CFM - CFM Operations Support Manager</p> <p><b>Timescales for Implementation:</b></p> <p>ES – 31 August 2024</p> <p>CFM - 31<sup>st</sup> August 2024</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Adequate debt management arrangements are in place and are being adhered to.				
6	There is a debt management procedure in place, which aligns to the COSLA good practice guide for school meals. All schools should pursue debt balances (at	(i) ES Management should remind all relevant officers of the debt management arrangements in place and that these must be adhered to as directed. Management should also ensure that	High	<p><b>Response:</b></p> <p>Accepted.</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>the Head of Establishments approval) which arise due to non-payment of school meals including breakfast club.</p> <p>For the 15 schools sampled, we identified the following relating to their debt management arrangements:</p> <ul style="list-style-type: none"> <li>Two did not pursue pupil debt balances.</li> <li>Two secondary schools still use 'emergency lists'(which were used at the start of the COVID-19 pandemic) for providing pupils with school meals where their FSM entitlement has not been applied. However, ES HQ advised that these should no longer be applied.</li> <li>For one primary school we found when a pupil was provided with a meal, and was unable to pay, this was not recorded in line with procedures.</li> <li>10 had debt balances relating to staff meals.</li> </ul> <p>There is currently no procedure in place within ES in relation to staff debt balances and how to pursue non-payment. Only staff who are on lunch duty are entitled to a free school meal.</p>	<p>adequate arrangements are put in place to monitor compliance.</p> <p>(ii) Management should remind relevant officers that members of staff should not be permitted to have debt balances. Management should ensure that current debt balances are recovered.</p> <p>(iii) Management should ensure that all secondary schools confirm a pupil's identity when they do not present their catering card when purchasing a meal.</p>		<p>Since the bad debt write off in April 2023, ES staff regularly monitor debt reports and follow up with schools. Reminders will be issued and incorporated in regular bulletins.</p> <p>Reminders will be issued for all points in conjunction with CFM., who will require to remind catering staff.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>Support Services Manager</p> <p><b>Timescales for Implementation:</b></p> <p>31 August 2024</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>We also noted instances at two secondary schools where pupils' ParentPay accounts were being updated to reflect that a meal had been purchased, however the pupil was not at school on that day. We were advised that this was as a result of pupil's misusing other pupil's ParentPay accounts to purchase a meal they were not entitled to. To mitigate against this, one of the schools has implemented a procedure whereby a senior staff member must identify a child who does not present a card when purchasing a school meal.</p> <p>The current arrangements increase the risk of inconsistent practices relating to debt management and that balances are not being pursued in a timely manner. There is also an increased risk of inaccurate debt balances being recorded on ParentPay accounts.</p>			
No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Business Continuity arrangements and Contingency Plans are in place to maintain service levels in the event of disruption.				
7	There is currently no BCP in place by ES for ParentPay. We were advised that schools would revert to manual processes should the system go down. However, since the system was implemented, no business continuity	ES management should ensure that a BCP for ParentPay is developed and appropriately approved in a timely manner.	Medium	<p><b>Response:</b></p> <p>Accepted.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>Service Support Manager</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>arrangements or contingency plans have been assessed or documented.</p> <p>Without a BCP 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.</p>			<p><b>Timescales for Implementation:</b></p> <p>30 September 2024</p>

**Appendix A:**

## Sample Testing Findings:

Through sample testing of the 15 schools, we noted the following areas of non-compliance in relation to the use of ParentPay:

Point	Observation
1	One school was undertaking school trips but was not using ParentPay to manage this.
2	Six schools were not using the system for other general activities.
3	All schools failed to use the Event Pro-forma which should be completed prior to adding trips to ParentPay.
4	For all schools, staff were not aware of the discretionary discounts procedure which allows the cost of a trip to be reduced for individual pupils at the approval of the Head of Establishment.
5	For all schools, staff were not aware of the ParentPay trip consent form that should now be used.
6	Cash use varied across the schools, from generally accepted, cash discouraged and cash only, with only three schools cash free.
7	The financial management of school funds differed across the establishments, with some not adhering to some of the requirements outlined in MC23.
8	For one school we noted that the clerical officer had been using her own personal device to undertake school fund duties.