



Item: 7

Monitoring and Audit Committee: 5 June 2025.

Internal Audit – Firth Primary School.

Report by Chief Internal Auditor.

1. Overview

- 1.1. The internal audit plan 2024/25 includes a review of administrative procedures and controls operating within Firth Primary School. This audit has been completed and the internal audit report is attached as Appendix 1 to this report.
- 1.2. Firth Primary School serves Finstown and the parish of Firth. The school and nursery are managed by the Head Teacher who also manages Evie Community School.
- 1.3. The school has a nursery and four primary classes with a school roll of approximately 119 pupils.
- 1.4. The objective of this audit was to review operational procedures in place at Firth Primary School, focusing on administration, security, financial management and human resource management.
- 1.5. The audit provides Substantial assurance over the framework of administrative procedures and controls operating within Firth Primary School.
- 1.6. The internal audit report, attached as Appendix 1 to this report, includes one medium priority recommendation regarding the school fund account and two low priority recommendations regarding timesheet completion and temporary staff contracts. There are no high priority recommendations made as a result of this audit.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Scrutinise the findings contained in the internal audit report, attached as Appendix 1 to this report, relating to administrative procedures and controls operating within Firth Primary School, in order to obtain assurance that action has been taken or agreed where necessary.

For Further Information please contact:

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Implications of Report

1. **Financial:** None directly related to the recommendations in this report.
2. **Legal:** None directly related to the recommendations in this report.
3. **Corporate Governance:** In terms of the Scheme of Administration, consideration of Internal Audit findings and recommendations, and review of actions taken on recommendations made, are referred functions of the Monitoring and Audit Committee.
4. **Human Resources:** None directly related to the recommendations in this report.
5. **Equalities:** An Equality Impact Assessment is not required in respect of Internal Audit Reporting.
6. **Island Communities Impact:** An Island Communities Impact Assessment is not required in respect of Internal Audit Reporting.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.
 - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
 - Improving Population Health.
9. **Environmental and Climate Risk:** None directly related to the recommendations in this report.
10. **Risk:** Internal Audit evaluates the effectiveness and contributes to the improvement of the risk management processes.
11. **Procurement:** None directly related to the recommendations in this report.
12. **Health and Safety:** None directly related to the recommendations in this report.
13. **Property and Assets:** None directly related to the recommendations in this report.
14. **Information Technology:** None directly related to the recommendations in this report.
15. **Cost of Living:** None directly related to the recommendations in this report.

List of Background Papers

Internal Audit Plan 2024/25.

Appendix

Appendix 1: Internal Audit Report – Firth Primary School.



Internal Audit

Audit Report

Firth Primary School

Draft issue date: 10 April 2025

Final issue date: 12 May 2025

Distribution list:	Director of Education, Communities and Housing Head of Education Service Manager for Primary Education Service Manager for Early Learning and Childcare Service Manager for Accounting Head Teacher Finance Systems Manager
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Audit Opinion

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

Substantial

The framework of governance, risk management and control were found to be comprehensive and effective.

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

Executive Summary

The internal audit of Firth Primary School has concluded with a substantial audit opinion, including that the framework of governance, risk management and control is comprehensive and effective.

The Head Teacher at Firth is also responsible for Evie Community School and has implemented robust systems, adapted to accommodate differences between the schools to ensure efficiency and continuity.

Examples of good practice identified within the audit include:

- Robust attendance monitoring.
- Secure management of pupil records.
- Effective asset management.
- A Quality Assurance calendar in place and used as a system of review for policies, procedures and risk assessments.
- Efficient communication with school and nursery staff through the use of Teams.
- Sharing good practice between school establishments.

The cooperation and support from school staff during the audit contributed to the overall positive assessment.

The audit identified some areas for improvement such as enhancing the segregation of duties in financial reconciliations and ensuring the timeliness of submitting timesheets before payroll deadlines.

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 the Ideagen Risk Management system.

Total	High	Medium	Low
3	0	1	2

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.

Firth Primary School serves Finstown and the parish of Firth. The school and nursery are managed by the Head Teacher who also manages Evie Community School. There is a Principal Teacher at the school as well as a Senior Early Years Practitioner and Lead Practitioner at the nursery.

At the school there is a nursery and four primary classes (P1-4 taught by two teachers, P5/6 & P7) with a school roll of approximately 119 pupils. The school is supported by a Support for Learning Teacher with two Support for Learning Assistants. Itinerant teachers also visit the school to offer Art, PE and Music classes.

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

Audit Scope

Audit work focused on:

- 1 Schools Administration including:
 - Pupil records – maintenance, absence policy and monitoring.
 - Inventory – all assets, security of assets including IT equipment.
 - School fund – management.
 - Risk assessments – procedures.
 - Community Use of the School- charging policy and security.
 - Repairs and maintenance – procedures.
 - First Aid Arrangements- training, equipment, administration of medication.
- 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.
 - Procurement – ordering and payment of goods and services.
 - Devolved School Management (DSM) budget – 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 Policies and Procedures

- 1.1 Approved and documented procedures relating to all aspects of school management and operation, prepared in accordance with statutory and best practice guidelines, that are accessible to all staff and regularly reviewed, help towards defining clear expectations, ensuring values are applied consistently and providing a framework to support staff, pupils and families alike.
- 1.2 School policies are held on Microsoft Teams so they are accessible to all school and nursery staff. A quality assurance calendar supports a system of review for school policies. The school handbook was recently updated and is available for parents and carers on the school website.
- 1.3 Some school specific policies reviewed were in development and there were examples of making use of shared good practice from other schools. There is also a secure Orkney Head Teacher Teams page where policies and procedures can be accessed and used or adapted for the school where appropriate.

2.0 Pupil Records

- 2.1 The Council plans to manage its recorded information in a cost effective, efficient and sustainable way that complies with statutory duties. All files at the school are stored securely electronically or within locked cabinets to which access is restricted. Paper pupil files are clearly marked with the pupil's name and date of birth and organised so that they can be easily located.
- 2.2 Pupil files are transferred to the appropriate secondary school digitally or in person following recently updated procedures for transferring information and files.

3.0 Asset Management

- 3.1 Section 20.1.5 of the Financial Regulations states that inventory evidence must be recorded by dated photo which should include office equipment, furnishings, plant and machinery and any other valuable property. For insurance purposes, items worth over £5000 must be recorded and passed on to the insurance officer and should include the purchase price or cost exc. VAT along with the estimated reinstatement or replacement value.
- 3.2 The photo inventory is checked once per year in and added to when new things are purchased. There are no items worth over £5000 in the school.
- 3.3 Section 20.4.3 of the Financial Regulations states that wherever practical, valuable and desirable moveable property should be clearly marked as the property of the Council.
- 3.4 Through examination of a sample of valuable, moveable property within the Music room at the school, it was found that these were marked appropriately as property of the Council.

4.0 ICT Asset Management

- 4.1 School staff IT equipment is held securely and only accessed by appropriate personnel and there are items of IT equipment such as laptops and ipads that are for use by the pupils.

4.2 There is an IT asset register kept which records the items of equipment as well as the location and name of staff member or class who is currently using them where appropriate. Testing of the IT inventory supports the assurance that the register is up to date.

5.0 Mandatory Training

5.1 All Council staff are required to complete mandatory training on ilearn and to refresh their learning periodically as required.

5.2 The Head Teacher regularly reminds staff of the requirement to undertake mandatory training where there are reports of overdue training issued.

5.3 At the time of the audit, all staff members at Firth Primary were up to date with their mandatory training.

6.0 School Fund Management

6.1 There is a school fund in place under the name of Firth Primary School and bank statements are received monthly. There are two signatories on the account.

6.2 There is a process in place for the administration of the school fund which includes the reconciliation of the income and expenditure to the bank statements. There is a spreadsheet held that records both monies in and out for the school fund as well as a separate tab for the participation fund. This ensures that this specific fund can be kept for its intended purpose.

6.3 The school fund accounts are audited yearly by an external person. The records providing assurance of this were examined in addition to a sample of bank statements, the reconciled spreadsheet and the receipts kept as part of a paper trail. All records reviewed indicate that there is good record keeping and retention of evidence to support payments made from the school fund account. All transactions reviewed were school related.

6.4 As the school does not routinely receive cash payments, there have not been recent pay-ins made using the pay-in book.

6.5 Petty cash is held securely and there are records of the income and outgoings kept.

6.6 School fund guidance is currently under review centrally and will provide a framework to guide the management of school funds. The need for review was identified as part of a previous internal audit.

6.7 To ensure segregation of duties is evidenced, when reconciliation of the school fund account has been completed, the Head Teacher should initial or sign and date to indicate this has been completed.

Recommendation 1

7.0 Risk Management

7.1 The Council's Risk Assessment guidelines state that there is a legal duty to carry out and record all risk assessments based on the Management of Health and Safety at Work Regulations 1999.

7.2 The main risk assessments for the school are recorded digitally on Teams and on Evolve, which is concerned with Local Area Visits and Excursions. The updating of Risk Assessments is included within the quality assurance calendar. These are completed mainly

by the Head Teacher, the Principal Teacher or the Clerical Assistant. The Head Teacher has oversight of these documents and has completed Risk Assessment training with the Council.

7.3 The risk assessments sampled at the school had recently been reviewed.

8.0 Safety and Security

- 8.1 Access to the school is restricted appropriately and visitors are required to sign in at reception before being given a visitor badge. The office is occupied during the mornings and there is cover in place for answering phone calls in the afternoons. There is an up-to-date key holders list and the cleaning team are responsible for securing the building at the end of the day.
- 8.2 Repairs and maintenance requirements are reported on the Concerto system by the Janitor.
- 8.3 There is an appointed person to take charge of first-aid arrangements and at least one person has undertaken the First Aid at Work qualification. In total, four members of staff are first aid trained. First aid supplies are checked on a regular basis and kept well-stocked.
- 8.4 Accident records are kept and reported to parents using an information slip or a phone call home where appropriate. More serious incidents are reported using the Adverse Event Form which is emailed to the Council's Safety and Resilience Team.
- 8.5 Medication is securely stored, clearly labelled and children's medication plans are regularly reviewed. The appropriate administration of medication forms are used to record when medication is administered.
- 8.6 There are smoke alarms and fire extinguishers located throughout the school and these are regularly tested and maintained. Fire evacuation procedures are tested on a termly basis and recorded in a register by the Janitor with notes recorded on the success of the test including the time taken to evacuate. Fire safety doors are fitted throughout the school and fire escape routes and doors are clearly marked.
- 8.7 A business continuity plan has recently been developed for Evie and Firth primary schools using examples used by other schools as a guide.

9.0 Financial Management

- 9.1 All purchases from the school and nursery budget are made using Integra which has inbuilt controls to ensure that these are appropriately authorised, that goods received are recorded and payment is made accordingly. Testing on a sample of transactions provided assurance that the system is being used appropriately for purchases.
- 9.2 There are procedures in place for the spending and monitoring of Pupil Equity Funding (PEF). A detailed PEF plan ensures this funding is used for its intended purpose.
- 9.3 The Head Teacher receives monthly budget monitoring reports and reports on variances on under and overspends of over 10%.

10.0 Notifications to Payroll

- 10.1 It is important that staff terminations, transfers, extensions and promotions are timeously notified to Payroll to prevent over or underpayments to staff.

- 10.2 A sample of contract changes during the audit period were tested to check that Payroll had been notified timeously and ahead of payroll deadlines which are sent out each year as a memorandum.
- 10.3 Two sets of payroll records were tested for contract changes within the audit period. One employee had not had any contract changes within the period. The other employee had two contract changes however neither had been notified timeously to Payroll.
- 10.4 Reminders are sent to managers when a temporary contract is due to end so that the notifications can be raised in plenty of time for the payroll deadlines. In this case however, although the postholder had a temporary contract, the post was permanent meaning that this case was not included in reports sent to the Head Teacher.
- 10.5 Reports should be sent to managers for temporary contracts due to expire for permanent posts as well as temporary posts.

Recommendation 2

11 Management of Staff

- 11.1 Staffing arrangements for the school are appropriately determined and administered in accordance with national conditions and local policies. The Head Teacher has a staffing establishment meeting in March each year with the Service Manager for Primary Education and this leaves time for recruitment to take place ahead of the new school year starting the following August. There is also a meeting with the Service Manager and Operational Manager for Early Learning and Childcare to review staffing models for the Nursery which takes place within Term 4.
- 11.2 In response to an increase in the number of children attending Firth Nursery, a Senior Early Years Practitioner was appointed in August 2024 in addition to the existing team.
- 11.3 All staff at the school are employed in posts included in the establishment.
- 11.4 Any mileage, travel and subsistence claims are made through Integra and are authorised by the Head Teacher before payment is made.
- 11.5 All unpaid leave requests were appropriately authorised using the leave of absence procedure.
- 11.6 There are monthly deadlines for timesheets to be submitted to the Education Admin Team in time for payroll deadlines. Supply staff complete timesheets which are authorised by the line manager and then further authorisation is obtained from Education staff. Guidance for establishments was issued in early 2024 to support accurate completion and to minimise the need for corrections to be made by the administrative team within the Education Service.
- 11.7 Within the sample of timesheets tested as part of this audit, one out of four had minor corrections made by Education administrative staff which related to the name of the post holder detailed within the 'Reason for Attendance' section. Two of the four timesheets were not submitted before the payroll deadline.
- 11.8 A recommendation was made as part of a previous school audit to consider the development of a corporate system that improves the efficiency and effectiveness of time sheeting across the organisation as part of the Council's improvement agenda. This was included in a proposal made to the Corporate Leadership Team in 2024 however will take time to develop and implement.

11.9 All staff responsible for authorising timesheets should use the establishment guidance for supply teacher timesheets as a reference to ensure that all required information is completed accurately prior to submission. Every effort should be made to ensure that timesheets are submitted by these dates to avoid a delay in payment to the employee.

Recommendation 3

Action Plan

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
1 To ensure segregation of duties is evidenced, when the school fund reconciliation has been completed, the Head Teacher should initial or sign and date to indicate this has been completed.	Medium	This can easily be done at the end of each month with admin and Head Teacher.	Head Teacher	4 July 2025
2 Reports should be sent to managers for temporary contracts due to expire for permanent posts as well as temporary posts.	Low	A report similar to the existing temporary post report will be written and distributed to line managers in a similar manner	Finance Systems Manager	31 August 2025
3 All staff responsible for authorising timesheets should use the establishment guidance for supply teacher timesheets as a reference to ensure that all required information is completed accurately prior to submission. Every effort should be made to ensure that timesheets are submitted by these dates to avoid a delay in payment to the employee.	Low	Head Teacher, Principal Teacher and admin will check this process and make sure the forms are completed accurately	Head Teacher	4 July 2025

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.