

ARGYLL & BUTE COUNCIL

Internal Audit Section

INTERNAL AUDIT REPORT

CUSTOMER DEPARTMENT	COMMUNITY SERVICES
AUDIT DESCRIPTION	RISK BASED AUDIT
AUDIT TITLE	REVIEW OF EDUCATION MANAGEMENT CIRCULARS - 2017/18
AUDIT DATE	MAY 2017

2017/2018



1. BACKGROUND

This report has been prepared as part of 2017/18 risk based Internal Audit Annual Plan and has been conducted in accordance with relevant auditing standards. The report is based on discussions with key personnel and information available at the time of the Audit.

The Council's Education Management Circulars (circulars) detail current policies and procedures to be adhered to and adopted by schools and are issued to the Heads of all Educational Establishments on behalf of the Executive Director of Community Services. Copies of the circulars are also available to view or download from the Council's Internet site. There are currently approximately 80 circulars and associated appendices available covering a wide range of areas such as; school leaving dates, internet use, fire precautions and child protection.

Circulars are updated periodically in line with the introduction of new legislation and, as stated on Circular 1.01, "If at any time the terms of an Education Management Circular are amended, a revised circular will be issued to replace the obsolete one, and this will be highlighted to the Schools". Education Management have advised that a review of all circulars is currently in progress.

2. AUDIT SCOPE AND OBJECTIVES

The objective of the audit was to assess the adequacy of controls in respect of the review, circulation and application of the Education Management Circulars.

Internal Audit reviewed a sample of circulars to establish compliance with relevant legislation and site visits were undertaken to 4 schools to test compliance with the selected circulars and to check that controls are in place and operating effectively in practice. The following control areas were reviewed as part of the audit process:

Control Objective	Control Objective Assessment
Authority - Roles and delegated responsibilities are documented in circulars and are operating well in practice	Schools visited were aware of circulars and were generally compliant with the stipulated requirements, although there were some minor areas of weaknesses identified.
Occurrence - Sufficient documentation exists to evidence compliance with circulars	Relevant documentation was available from schools visited on request.

Completeness - The circulars are aligned to relevant legislation and all required documentation is accurately and fully maintained	Circulars are updated on an adhoc basis in line with current legislation.
Measurement - Circulars are in line with requirements of relevant legislation	Circulars are updated on an adhoc basis in line with current legislation.
Timeliness - Circulars are regularly reviewed and updated as necessary	There is currently no agreed timescale for the review of Circulars.
Regularity - Documentation is complete, accurate and not excessive and is compliant with the data retention policy. It is stored securely and made available only to appropriate members of staff.	Circulars are maintained on the council website for access to all relevant staff. Documentation within schools was held securely and access was limited to appropriate personnel.

3. RISKS CONSIDERED

ORR - ED01h: Failure to adhere to policies and procedures laid out in Management Circulars

ORR – ED03d: Ineffective exchange of information between schools and the centre

Audit Risk: Failure to regularly review and update policies and procedures where necessary

Audit Risk: Failure to ensure guidance is communicated and readily available to staff

4. AUDIT OPINION

The level of assurance given for this report is Substantial.

Level of Assurance	Reason for the level of Assurance given
High	Internal Control, Governance and the Management of Risk are at a high standard with only marginal elements of residual risk, which are either being accepted or dealt with. A sound system of control is in place designed to achieve the system objectives and the controls are

	being consistently applied.
Substantial	Internal Control, Governance and management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk and where specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal Control, Governance and management of risk are broadly reliable, however although not displaying a general trend there are a number of areas of concern which have been identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.
Limited	Internal Control, Governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal Control, Governance and management of risk is poor, significant residual risk exists and/ or significant non-compliance with basic controls leaves the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.

This framework for internal audit ratings has been developed and agreed with Council management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in this report have been discussed and rated with management.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:-

High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

5. FINDINGS

The following findings were generated by the audit:

Review Process

The current review process is as follows:

- Review initiated by Education Management
- School Support team tasked with co-ordination and overview of review process
- Circulars reviewed in consultation with relevant departments (e.g. Health & Safety, I.T.) and circulars updated as necessary
- Updated circular passed to Legal department for review and any comments
- Legal pass back to support services, final update if necessary
- Following legal approval, circular submitted to next meeting of Joint Services Committee for Teaching Staff (JSC) for approval
- Final version approved by Executive Director of Community Services
- Circulated to Schools via email notification & website updated

There is currently no prescribed frequency or timetable for the review of circulars and the above process is not formally documented.

Current Review

A review of all circulars was ongoing at the time of audit; previous to this the last review was undertaken in June 2010.

As at April 2017, 22 circulars have been reviewed and are due to be presented for approval by the JSC at their meeting in May 2017. These circulars have been through the relevant review stages and have been reviewed and approved by legal. There are also a further 10 circulars that have been identified as surplus to requirement and Education propose to remove these from the library pending approval from the JSC. The remaining circulars are currently in the process of being reviewed and will be brought to a future meeting of the JSC.

Distribution of Circulars

Circulars are available publicly on the Council's internet page, when existing circulars are updated or new circulars are created, these are uploaded to the webpage and Educational Establishments are notified by email.

Application and compliance with Circulars

Four schools were visited as part of the audit, and tests were undertaken in relation to the application and compliance with the following circulars;

- Circular 1.01 – Introductory Circulars;
- Circular 1.12 – Security of School Equipment –Theft;
- Circular 1.18 – Internet Use in Argyll & Bute Educational Establishments;
- Circular 1.24 – Fire Precautions, and;
- Circular 1.25 – General Instructions on fire precautions.

It was found that all 4 schools were familiar with the circulars and staff made reference to these via the Council's internet site on a regular basis. Overall, all 4 schools were generally compliant with the circulars tested although there were some minor instances of non-compliance identified which have been submitted to the School Services Support Manager for follow up and/or remedial action.

Observations

We have also highlighted to management the following observation(s) which have been identified during the review. Although not included in the scope the matter(s) were brought to auditor attention during the audit and either indicates a potential risk exposure and /or could be considered as a matter of good practice and therefore noted for information and completeness:

- Teachers are not currently notified when reviews of circulars are ongoing and are not asked to contribute or participate in reviews. Failure to obtain feedback from operational staff may lead to missed opportunities and /or result in the requirement for further amendment.
- The current review of individual circulars has not been undertaken on a prioritisation basis. Lack of prioritisation may result in failure to target potential areas of higher risk in a timely manner.

6. CONCLUSION

This audit has provided a Substantial level of assurance as Internal Control, Governance and management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk and where specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale. There were a number of findings identified as part of the audit and these, together with agreed management actions, are set out in the attached action plan. There is one action which will be reported to the Audit Committee. Progress with implementation of actions will be monitored by Internal Audit and reported to management and the Audit Committee.

Thanks are due to Education staff and management for their co-operation and assistance during the Audit and the preparation of the report and action plan.

APPENDIX 1 ACTION PLAN

Findings	Risk Impact	Rating	Agreed Action	Responsible person agreed implementation date
1. Availability of procedure note		High/ Medium or Low		
The review process is not documented in a formal procedure note.	Failure to ensure appropriate guidance is readily available to staff may lead to inefficient and ineffective operations.	Medium	A procedure document detailing the review process, roles and responsibilities and time frames will be created.	School Services Support Manager 31 August 2017



Contact Details

Name Abbie Macalister

Address Whitegates, Lochgilphead, Argyll, PA31 8SY

Telephone 01546 604272

Email abbie.macalister@argyll-bute.gov.uk

www.argyll-bute.gov.uk

Argyll & Bute – Realising our potential together

