Education Scotland

Management report 2019/20

Audit findings

Introduction

1. This report contains a summary of the key issues identified from the interim audit work carried out at Education Scotland during February 2020.

2. Our responsibilities under Audit Scotland's Code of Audit Practice require us to assess the system of internal control put in place by management. In doing so, we seek to gain assurance that the agency:

- has systems for recording and processing transactions which provide a sound basis for the preparation of the financial statements

- has systems of internal control which provide an adequate means of preventing and detecting error, fraud or corruption

- complies with established policies, procedures, laws and regulations.

3. Our interim work included the testing of key controls within financial systems and verification of significant income and expenditure transactions up to December 2019. As the income and expenditure verification testing was performed prior to the financial year end, the need for additional testing will be considered when determining our approach to the audit of the 2019/20 annual report and accounts.

4. As part of our Code of Audit Practice wider scope responsibilities, we also reviewed the agency's equalities and diversity arrangements, website accessibility and followed up on our 2017/18 IT overview report. We will provide comment on the agency's financial sustainability and governance arrangements in our annual audit report.

Conclusion

5. Our key controls testing identified two issues relating to systems user access and overtime claims. Based on our follow up work and assurances from management, we do not consider these to present a risk of material misstatement for the 2019/20 financial statements. No issues were identified from our testing of income and expenditure transactions or from our wider scope work.

Acknowledgment

6. The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our interim audit work is gratefully acknowledged.

Publications

7. All of our outputs and any matters of public interest will be published on our website: www.audit-scotland.gov.uk.

Systems and verification work summary

8. Exhibit 1 summarises the main financial systems and account areas that were reviewed and tested during the course of our 2019/20 interim work.

Exhibit 1
Systems and account areas tested

System and account area	Review of key controls	Verification testing
General ledger	✔	
Payroll	✔	
Trade Payables	✔	
Income		✔
Expenditure		✔

Risks identified

9. Exhibit 2 sets out the risks identified from our interim audit work.

10. Weaknesses identified represent those that have come to our attention during our normal audit work and therefore are not necessarily all the weaknesses that may exist. It is the responsibility of management to decide on the nature and extent of the internal control system appropriate to the agency.

Exhibit 2
Key findings and action plan 2019/20

Issue identified	Management response	Responsible officer and target date
Audit findings		
1. Systems user access System access controls are one of the fundamental IT controls to ensure system security and data integrity. Our sample testing in 2019/20 found the following issues: • SEAS – One former member of the Finance team, now employed elsewhere in the organisation, still had access to the system, with another user having access that was outwith the remit of their role. • PECOS purchasing – Seven former staff members were still listed as having access to the system. **Risk: The risk of error or fraud is increased where individuals have access to the system when they are no longer in a role that requires this or are authorised to have it.**	The staff member, now employed elsewhere in the organisation, had SEAS access removed from March 2019 despite being included on the SEAS list. SG SEAS team have been advised to ensure that lists are updated timeously. The other staff member will have a temporary removal of access to SEAS until she returns to these activities. SEAS access will be reviewed by the Assistant Accountant each quarter. Monthly check of the HR Leavers list to be carried out by the Finance Manager to ensure all leavers have their access to PECOS removed. This will be reviewed by Assistant Accountant each quarter. Finance desk instructions have been updated to include these tasks.	G. Howells 28 February 2020
2. Overtime claims There were instances of staff being paid large overtime payments that covered multiple months. Management should ensure that staff are making timeous claims. **Risk: The delay in making claims makes it difficult for line managers to accurately validate leading to error in payments.**	Both employees concerned have been contacted to supply evidence of their overtime claims. One has been sent to AS today (17.02.2020), the other should be completed by week ending 21.02.2020. Both have been advised that all overtime should be claimed in the correct months and preferably in the same week. The latest overtime policy has been requested from SG and will be communicated to all staff via the weekly staff newsletter once received.	G. Howells 28 February 2020

Source: Audit Scotland

Audit dimensions work

Equalities and diversity

11. The Equality Act 2010 came into force in 2011. The Act included a public sector general duty, which requires that public authorities have 'due regard' to how policies or decisions affect people who are protected under the Act and the advancement of equality of opportunity. In 2012 Scottish Ministers made regulations that placed specific duties on Scottish public bodies to help them meet the general duty.

12. Education Scotland is required to report progress on mainstreaming the public sector equality duty and to report progress on its published equality outcomes (targets). As part of our interim work we conducted a high-level review of the agency's arrangements for meeting its statutory responsibilities.

13. Education Scotland is an executive agency of the Scottish Government. In line with the approach taken by most other executive agencies, Education Scotland decided not to publish its own equality outcomes but align with Scottish Government outcomes and report into the Scottish Government's Mainstreaming Report. The Scottish Government published its Equality and Mainstreaming Report 2019 in April 2019 and made this available to the public on its website.

14. A section of the Scottish Government's Mainstreaming Report provides an overview of Educations Scotland's work on equality detailing how it has integrated equality into its work and has taken account of its equality duties in its programmes, approaches and interventions. The report contains the required information on employment equalities and the gender pay gap, some of which is disaggregated to display Education Scotland specific information.

15. Our work also identified a range of other activities across the agency that address the other requirements of the Equality Act, these include:

- Focussed 'Fairness at Work' training (encompassing equality and diversity) is included in mandatory induction programmes for new staff. Sessions on the Fairness at Work policy, behaviours and inclusion were delivered across the agency's offices by its HR/OD team in 2019, with further sessions planned for 2020.

- Recruitment of six 'Gender Balances and Equalities Officers' to help deliver the objectives set out in the agency's Equality Strategy.

- The creation of an Equality and Diversity Network to offer advice to Education Scotland in respect of diversity and equality and to collaborate on specific projects. The agency consulted with the network in the development of its Equality Strategy, Equality Policy and Corporate Parenting Plan.

- Education Scotland provides the representative board member for Scotland for the European Agency in Special Needs and Inclusive Education (EASNIE). The EASNIE is an independent organisation established by 32 member countries to act as a platform for collaboration in the development of provision for learners with special educational needs.

- The agency worked with Skills Development Scotland and the Institute of Physics to deliver a three-year 'Improving Gender Balance' pilot programme. The agency developed a suite of resources following the conclusion of the pilot, to help schools improve gender balance in subjects taken by pupils. This project is to be extended across all schools in Scotland by 2022.

16. Overall, we concluded that Education Scotland has arrangements in place to ensure that it meets its statutory responsibilities.

Website accessibility

17. The Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 have been introduced to improve the accessibility of public sector websites and mobile apps. The regulations build on the obligations of public sector bodies equalities duties and require public sector websites and mobile apps to be more accessible by making them 'perceivable, operable, understandable and robust'.

18. A website or app will meet requirements of the regulations if:

- it meets the criteria set out in the international Web Content Accessibility Guidelines (WCAG)

- an accessibility statement is published.

19. An external review of the agency's website was undertaken in February 2019. The review noted several barriers to accessibility across the website. The issues were addressed as part of the migration of Education Scotland's corporate website in November 2019.

20. Following the migration there remains one area of non-compliance:

- Some images do not have a text alternative, so people using a screen reader cannot access the information.

The deadline for meeting the new requirements is September 2020. The agency has plans in place to add text alternatives for all images prior to this date.

IT governance recommendations 2017/18

21. In June 2018 we submitted a report which set out some significant and ongoing governance deficiencies concerning the agency's IT function. In our 2018/19 annual audit report we reported progress against the agreed action plan. Exhibit 3 provides a further update on the recommendations.

Exhibit 3
Progress against 2017/18 IT recommendations

2018/19 follow up	2019/20 follow up
Six areas had been dealt with satisfactorily, including a restructuring the IT function and the inclusion of cyber security as a corporate risk.	**Not required**
One action was considered to have been partly implemented. This related to the Digital Strategy which had been prepared and discussed at senior level but at the time of our audit in 2018/19, had not yet been ratified by the Advisory Board.	**Complete** The agency published its new Digital Strategy in June 2019.
Our opinion was that one action had been deferred. A recruitment process for new non-executive board members (NEBMs) has started with appointments expected in the Autumn of 2019. The make-up of the Advisory Board and availability of suitable IT skills to form judgements on the feasibility of significant IT projects could not be assessed until then.	**Complete** Education Scotland appointed five new NEBMs in 2019. The skills of the newly appointed NEBMs should provide the agency with the additional scrutiny and challenge of IT proposals at a strategic level.
Three recommendations had been assessed as not implemented. These related to: • **lack of progress on developing business continuity arrangements for the organisation** • **the need to prepare system documentation for key systems.** • **staffing levels in the IT function.**	**Complete** The draft Business Continuity Plan (BCP) was presented to the Audit and Risk Committee (ARC) in September 2019, with the completed BCP approved by the Leadership Team shortly thereafter. The BCP will be subject to an annual review and testing, the results of which would be reported at the ARC. Relevant system documentation is held where required. **Ongoing** A number of positions are still being filled by temporary staff. However, there are plans to recruit permanently to the IT function.

Source: Audit Scotland

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