



Item: 6

Monitoring and Audit Committee: 4 June 2026.

Internal Audit – Papdale Primary School.

Report by Chief Internal Auditor.

1. Overview

- 1.1. This report presents the internal audit report on a review of administrative procedures and controls operating within Papdale Primary School, for scrutiny.
- 1.2. The internal audit plan 2025/26 included a review of administrative procedures and controls operating within Papdale Primary School. This audit has been completed and the internal audit report is attached as Appendix 1 to this report.
- 1.3. Papdale Primary School is situated in the heart of Kirkwall and serves the catchment area to the east of Junction Road, with a small number of pupils living in the St Ola area on the outskirts of the town. The school currently has around 410 pupils organised into 16 classes. Specialist and itinerant staff contribute to the curriculum and the school benefits from a large nursery provision on site which is registered for up to 96 children.
- 1.4. The objective of this audit was to review operational procedures in place at Papdale 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 Papdale Primary School.
- 1.6. The internal audit report, attached as Appendix 1 to this report, includes one low priority recommendation regarding the IT inventory. There are no high or medium recommendations resulting from 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 Papdale 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, the consideration of Internal Audit findings and recommendations and the 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 2025/26.

Appendix

Appendix 1: Internal Audit Report – Papdale Primary School.



Internal Audit

Audit Report

Papdale Primary School and Nursery

Draft issue date: 10 April 2026

Final issue date: 24 April 2026

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|---------------------------|---|
| Distribution list: | Director of Education, Communities and Housing Head of Education Service Manager (Primary Education) Service Manager (Early Learning and Childcare) Head Teacher Business Manager Early Learning and Childcare 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 audit of Papdale Primary School reviewed the design and operation of key controls within the school's financial and administrative processes. The overall control environment has been assessed as strong.

A number of control gaps were identified during the audit however these were addressed promptly by school management during the fieldwork period. This audit acknowledges the efforts of the Headteacher and staff team in maintaining key systems and processes during a period of two years in which the school was operating without a Business Manager. It is further noted that the recently appointed Business Manager, who started in post as the audit began, contributed to resolving issues identified and strengthened controls in several areas.

Several areas of good practice were identified during the audit including:

- School and Nursery Handbooks are current, comprehensive and aligned with national guidance.
- Robust systems for monitoring attendance.
- Secure management of pupil records.
- Systems of review in place to ensure policies, procedures and risk assessments are kept up to date.
- Strong medication management and first aid arrangements.
- Fire safety systems, drills and weekly checks are well documented.
- Pupil Equity Funding and Participation Fund spend is effectively used, aligned to national and local guidance and appropriately recorded.
- School staff training records provide a comprehensive overview of training undertaken.

The report includes one recommendation which has arisen from the audit relating to the nursery. The priority level of the recommendation is set out in the table below. The priority headings assist management in assessing the significance of issues raised.

Responsible officers will be required to update progress on the agreed actions via the Ideagen Risk Management system.

| Total | High | Medium | Low |
|-------|------|--------|-----|
| 1 | 0 | 0 | 1 |

The assistance provided by officers contacted during this audit is gratefully acknowledged.

Introduction

Orkney has a total school population of approximately 2,800. The Education Service is responsible for 23 schools in Orkney, supporting school staff in providing a quality educational experience for all young people, whatever their abilities.

Papdale Primary School is situated in the heart of Kirkwall and serves the catchment area to the east of Junction Road, with a small number of pupils living in the St Ola area on the outskirts of the town. The school is one of the largest in Orkney and currently has around 410 pupils organised into 16 classes.

Specialist and itinerant staff contribute to the curriculum and the school benefits from a large nursery provision on site, registered for up to 96 children at any one time.

This review was conducted in conformance with the Global Internal Audit Standards in the UK Public Sector.

Audit Scope

The scope of this audit included the following:

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.
 - 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 for goods and services.
 - Devolved School Management (DSM) budget – monitoring.
4. Staff Management including:
 - Staffing arrangements – appropriate levels, contracts.
 - Supply cover – arrangements.
 - Overtime – administration.
 - Timesheets – administration.
 - Additional / unpaid leave.
 - Training – mandatory training.

Audit Findings

1.0 Policies and Procedures

- 1.1 Approved and documented procedures are in place for both the school and the nursery, prepared in accordance with statutory requirements and local authority guidance. Policies are accessible to staff, regularly reviewed and provide a clear framework to support consistent practice across key areas of school management. Nursery policies are reviewed annually, and school policies include review dates within the documents to support ongoing assurance.
- 1.2 School and nursery policies are held on Microsoft Teams, ensuring they are accessible to all relevant staff. Nursery policies are also held in printed form for easy staff access and are accessible to parents and carers.
- 1.3 The school handbook was updated in December 2025 and is comprehensive, meeting national School Handbook Guidance through direct content and hyperlinks to supporting information. The Nursery Handbook is refreshed annually and shared with families. Both handbooks are accessible either online or through direct distribution.
- 1.4 Nursery staff complete an induction process that covers essential procedures and this is revisited annually. The school maintains a staff handbook and is planning on developing additional tools, such as starter and leaver checklists, to further support consistency.

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 All files held relate to children currently attending the School and Nursery as files are passed on when children move on to Secondary School or to another school.

3.0 Asset Management

- 3.1 Section 20.1.5 of the Council's Financial Regulations requires inventory evidence to be recorded using dated photographs covering office equipment, furnishings, plant, machinery and other valuable property. Items valued above £5,000 must be recorded for insurance purposes and notified to the Insurance Officer.
- 3.2 At Papdale Primary School, a photographic inventory is in place for the school and has recently been updated. Photographs provide evidence of non-IT assets and are stored in an accessible location. In the nursery, photographic inventories are routinely used as part of early years good practice, supporting both asset identification and room layout management. Valuable and desirable items are marked using UV pens in line with Section 20.4.3 of the Financial Regulations.
- 3.3 ICT equipment is held securely and accessed only by authorised staff. The nursery maintains an IT inventory that records equipment and location/holder; however, details such as make, model and asset numbers are not yet included. The school is in the process of developing its IT inventory and testing indicated that IT assets are generally well managed, with only a small number of items still to be added. Obsolete IT equipment is disposed of appropriately via the IT service.

- 3.4 The nursery should update its IT inventory to include the make, model and asset number of all IT equipment to ensure the register is complete and aligns with expected asset management practice. A template format for this was provided during the course of the audit.

Recommendation 1

4.0 Mandatory Training

- 4.1 All Council staff are required to complete mandatory training on iLearn and to refresh their learning periodically as required.
- 4.2 At the start of the audit, a number of staff at the school had overdue refresher training. During fieldwork, the Senior Leadership Team took immediate action to address this and a retest demonstrated a significant reduction, with only a small number of recently-lapsed courses outstanding. For the Nursery, only one staff member was overdue due to an IT access issue, which was being resolved.
- 4.3 Overall, mandatory training is being effectively monitored and managed across both the school and nursery. Overdue courses are identified, followed up and resolved in a timely manner. The improvements observed during the audit provide assurance over the operation of this control.

5.0 School Fund Management

- 5.1 A school fund is in place under the name of Papdale Primary School. Bank statements are available and used to support the reconciliation process and appropriate signatories are in place to provide segregation of duties.
- 5.2 During the course of the audit, reconciliation spreadsheets were developed and implemented to strengthen oversight of the school fund. These spreadsheets were then used to retrospectively reconcile income and expenditure to the bank statements, ensuring that all historical transactions were recorded accurately. Supporting documentation, including receipts and transfer details, is retained appropriately.
- 5.3 A sample of transactions was reviewed using the newly established spreadsheets. All items tested were school-related and supported by complete and well-organised records, providing assurance over the accuracy and completeness of the retrospective reconciliation.
- 5.4 The Participation Fund is a ring-fenced source of financial support provided to schools to ensure that no child or young person is excluded from school activities due to financial barriers. The Participation Fund is administered at the school in line with the Council's guidance. Expenditure is recorded with supporting evidence, limited to permitted uses and planned to maximise benefit within the calendar year.
- 5.5 Cash banking is undertaken as required, particularly following fundraising activities. Bank statements confirm that deposits are made promptly and pay-in slips are completed in advance of banking.
- 5.6 Petty cash is held securely in the school safe, with access restricted to authorised staff. Accurate records of petty cash income and expenditure are maintained.
- 5.7 School fund accounts for 2024/25 and 2025/26 to date were audited during the audit fieldwork, providing additional assurance over the completeness and accuracy of the school fund records.

5.8 The Business Manager provides monthly oversight of the reconciliations and annual reconciliations are signed by the Headteacher, evidencing appropriate management review and segregation of duties.

6.0 Community Use

6.1 Papdale Primary School is used by a small number of community groups. Appropriate arrangements are in place to ensure the building remains secure during community use, with a member of staff present to supervise access and secure the premises afterwards.

6.2 A charges register is in place which sets out the approved fees for hiring school spaces. Although Papdale is not designated as a community school, community use of the hall still occurs. The Business Manager identified during the audit that income for community bookings required clarification as invoices had not been raised during the period without a Business Manager; this issue is now being addressed.

7.0 Risk Management

7.1 The Council's Risk Assessment Guidelines require establishments to carry out, document and regularly review risk assessments in line with the Management of Health and Safety at Work Regulations 1999.

7.2 At Papdale Primary School, risk assessments are in place for both the school and the nursery. Nursery risk assessments have recently been reviewed as part of team meetings and have been transferred into a new format following Early Years Outdoor Training, which included risk assessment training. For the school, risk assessments have been recently reviewed and completed by a staff member who has undertaken appropriate training. A comprehensive register is maintained which includes review dates.

7.3 The Education Service is currently reviewing the wider approach to risk assessment and the format required across all establishments to ensure consistency. Papdale Primary School is operating in line with the Council's Risk Assessment template and the updated format adopted by the Nursery has been approved by the Early Learning and Childcare Service Manager.

7.4 Sample testing confirmed that risk assessments at both the school and nursery had been reviewed recently and were up to date. The arrangements in place provide assurance that risk assessments are being monitored and maintained in accordance with Council requirements.

8.0 Safety and Security

8.1 Access to Papdale Primary School and Nursery is appropriately restricted. External doors remain locked during the school day, with visitor access controlled through reception where a sign-in process and visitor passes are in place. Nursery access is carefully managed, with controlled entry points and staffed supervision at drop-off and pick-up times. A current key holder list is maintained and the janitorial team are responsible for securing the building each day.

8.2 Repairs and maintenance requirements are reported by the janitorial team through the Concerto system, which provides a record of logged issues and completed work. Regular checks, including water testing, fire alarm tests and perimeter inspections, are carried out and evidenced within the janitor's records.

- 8.3 First-aid arrangements are well established across the school and nursery. Trained first aiders are present during the school day, and first aid kits are checked regularly – weekly in the nursery and after each use in the school, supported by checklists. A medical room is available for treatment.
- 8.4 Accidents and incidents are recorded consistently. In the nursery, quarterly audits of accident logs are undertaken to identify patterns and ensure follow-up action. In the school, minor incidents are logged and communicated to parents as required. These logs are also reviewed for patterns in nature and frequency of accidents and feedback provided at school staff team meetings where required. More serious incidents are recorded using Adverse Event Forms and forwarded to the Council’s Safety and Resilience Team.
- 8.5 Medication is managed effectively across both the school and nursery. Medication is stored securely, clearly labelled and kept out of children’s reach. Administration procedures are followed consistently, with records maintained for each instance. Individual Healthcare Plans are in place for pupils with longer-term medical needs and are reviewed regularly. Expiry dates are monitored, with nursery staff carrying out termly checks and school staff contacting parents in advance of medication expiring.
- 8.6 Fire safety arrangements are robust. The building is equipped with smoke detection systems, emergency lighting, fire extinguishers and clearly marked evacuation routes. Weekly fire alarm tests, routine visual checks and planned maintenance are undertaken and recorded. Fire drills are completed termly and recorded appropriately. Fire safety doors and escape routes were observed to be in place.
- 8.7 A major emergency management plan and associated business continuity documents are in place and have been reviewed recently.
- 8.8 A safeguarding and child protection checklist has been completed and recently updated to ensure that all safeguarding and child protection processes are in place.
- 8.9 The Evolve excursion management system is used for planning and managing all educational visits and off-site activities.

9.0 Financial Management

- 9.1 Sound financial management is essential to ensure public funds are used appropriately, transactions are authorised and recorded correctly, and budgets are monitored in line with the Council’s Financial Regulations.
- 9.2 Purchases from both the school and nursery budgets are processed through Integra (P2P), which incorporates system-based controls requiring purchase order authorisation, goods receipting and invoice matching. Testing of transactions from 2024/25 and 2025/26 confirmed high levels of compliance with the expected purchasing process.
- 9.3 Procedures are in place for the spending and monitoring of Pupil Equity Funding (PEF). A detailed PEF plan has been prepared and is aligned with both national and local guidance, and all PEF transactions reviewed were found to be consistent with permitted use. PEF activity is well-documented and supports targeted interventions, including the work of the Pupil Engagement Worker.
- 9.4 Budget monitoring is undertaken regularly. The Headteacher receives monthly Budget Monitoring Reports. Testing confirmed that variances, such as overspends linked to sickness

absence cover, were monitored and reported appropriately. Nursery budget monitoring arrangements were also operating effectively, with no material variances requiring escalation.

9.5 The school Parent Council is updated on financial matters as appropriate, in particular on the use of the Participation Fund, supporting transparency.

10.0 Notifications to Payroll

10.1 It is important that staff terminations, transfers, extensions and promotions are notified to Payroll in a timely manner to prevent errors in pay and ensure accurate workforce records, in line with Council procedures.

10.2 At Papdale Primary School, contract changes are processed through the Education Resources administration team using Notification of Change forms, with monthly Payroll deadlines issued annually as a memorandum. Automated email reminders are also issued to managers when temporary contracts are approaching their end date.

10.3 A sample of contract changes during the audit period was reviewed, and all changes tested were found to have been notified to Payroll timeously and within the relevant deadlines. This provides assurance that the notification process is operating effectively.

11.0 Management of Staff

11.1 Staffing arrangements for Papdale Primary School and Nursery are appropriately determined and administered in line with national conditions and local policies. Staffing models are reviewed annually or when significant changes arise, with the Nursery operating a rota system to ensure required Care Inspectorate ratios are consistently met. Temporary staffing adjustments are made where necessary across Early Learning and Childcare settings to maintain safe staffing levels.

11.2 All staff at the school and nursery are employed in posts included in the authorised establishment. Testing of payroll records against establishment lists confirmed that staffing allocations aligned with approved structures.

11.3 Any mileage, travel and subsistence claims are made through Integra and are authorised by the Headteacher before payment is made.

11.4 All leave of absence requests tested were appropriately authorised using the leave of absence procedure.

11.5 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.

11.6 Within the sample of timesheets tested as part of this audit, all timesheets had been submitted timeously for processing and all nursery timesheets had been accurately completed. However, 8 out of 12 timesheets sampled for the school required some corrections to cost codes used for allocation to the correct budgets as well as corrections to hours worked, in some cases.

11.7 The timesheet guidance document for establishments was provided to the new Business Manager at the time of the audit who intends to use this to review timesheets submitted to

support accuracy going forward. As this is an action which has already been undertaken, no recommendation is being made with respect to timesheets.

12.0 Sickness Absence Management

- 12.1 The Council's Sickness Absence Policy sets out the requirements for staff to report absence timeously, for managers to complete associated documentation, and for key management actions, such as Return-to-Work discussions and long-term absence reviews, to be carried out in line with procedural timescales.
- 12.2 At Papdale Nursery, sickness absence is being managed in accordance with the policy. Testing confirmed that absences were recorded appropriately, however, self-certification forms were not consistently completed by staff. This reflects a wider Council-wide issue previously identified through a separate internal audit on sickness absence management.
- 12.3 Within Papdale Primary School, 15 of 19 sampled absence cases had missing self-certification forms and initial testing indicated incomplete management actions, including Return-to-Work interviews and long-term absence reviews. During the course of the audit visit, the Senior Leadership Team took prompt action to address these gaps. A retest confirmed that all outstanding actions had been completed.
- 12.4 A previous internal audit of sickness absence management across the Council has already raised a corporate recommendation regarding the need for an improved Sickness Absence Management System and more consistent completion of self-certification. As this matter is being addressed corporately, and the school responded promptly to resolve the issues identified locally, no recommendation is required.

Action Plan

| Recommendation | Priority | Management Comments | Responsible Officer | Agreed Completion Date |
|---|----------|--|--------------------------------------|------------------------|
| 1 The nursery should update its IT inventory to include the make, model and asset number of all IT equipment to ensure the register is complete and aligns with expected asset management practice. | Low | IT inventory will be moved over to recommended format. | Early Learning and Childcare Manager | 15 May 2026 |

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. |