



## Report of the Director of Education

Governance and Audit Committee – 13 September 2023

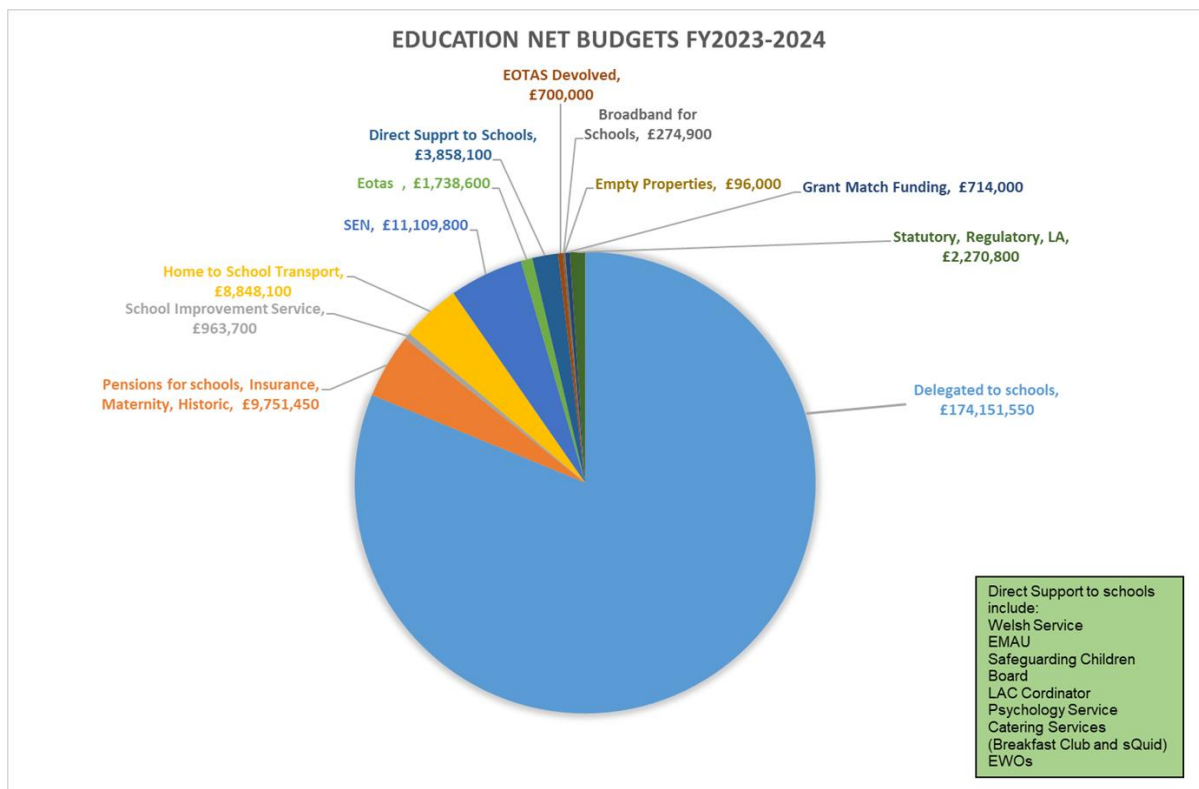
# Education Directorate: Internal Control Environment

## 2023-2024

<b>Purpose:</b>	The report presents the Education Directorate’s control environment, including risk management, in place to ensure functions are exercised effectively, that there is economic, efficient and effective use of resources, and effective governance to secure these arrangements.
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### 1. Background and key points

- 1.1 The Education Portfolio Budget is normally the highest recipient of the Council’s overall budget, in cash terms. The chart below provides a breakdown of education’s resources:



- 1.2 The level of delegated funds to schools - who hold the bulk of the available funding - is significant, and internal control is vital for appropriate spending. The relative prioritisation of the delegated budget over non-delegated central budgets continues. Significant areas of pupil specific support within the remaining non-delegated budget, which are inherently volatile and demanded, include home to school transport and support for vulnerable learners. Significant potentially time-limited external funding streams via grants continue with recent national emphasis on community focussed schools, universal free school meals and additional learning needs (ALN) capital funding. The capital investment programme is currently subject to inflationary pressures that require mitigation for new builds within the school estate to remain in scope.
- 1.3 The assurance framework includes clear strategies, objectives and linkages with corporate and other statutory plans, strategic plans/operational plans as well as statutory school development plans (SDP) where schools determine their priorities and relevant spending. In addition, robust risk management is achieved through mapping, monitoring, mitigation and escalation of risks. Specifically, financial control is achieved through tight internal controls consistent with the Scheme of Delegation, Standing Orders/Financial Regulations and Performance and Financial Monitoring (PFM). Reassurance is provided via audit, scrutiny and specific boards and groups within Education.
- 1.4 Where schools are concerned, the local authority reviews schools' budget plans through School Improvement Advisers and accountancy staff/Primary Support Officers (PSOs), by conducting high level monitoring of school budgets, by agreeing a deficit reduction programme with schools in deficit

and, for those with a 5% deficit, ensuring S151 Officer approval for a three-year recovery plan. In addition, schools are challenged on excess surplus (without good reason) balances. A clear process is followed as set out in the Scheme for the Financing of Schools. Planning and conducting an audit programme for schools provides reassurance where action plans require confirmation that the report has been considered by the governing body. A recent example of DBS renewal compliance in schools has been elevated to the attention of governing bodies. On the infrequent occasions where it is required, there is a process to intervene in schools causing financial concern in accordance with regulations regarding the process to be followed.

- 1.5 The overall picture is a positive one in terms of working in partnership with schools and the outcomes of audits and thematic reviews. It remains the case that the most effective and robust controls generally exist where there is ownership of the issues and of the need for robust financial procedures by schools.
- 1.6 Specific aspects of the Education Directorate's internal control arrangements include:
- Cabinet Member briefing
  - Strategic Leads Board (SLB) and Education Directorate Senior Leadership Team (EDSLT)
  - School Risks and Issues monthly meetings
  - performance management and budget monitoring (PFM)
  - performance appraisals
  - A robust internal control framework with:
    - clear roles and responsibilities.
    - clear and effective authorisation processes.
    - robust and complete policies and procedures.
    - robust monitoring, reporting and reviewing arrangements.
    - timely identification and mitigation of control weaknesses.
    - staff awareness of procedural rules.
    - promotion of an anti-fraud culture.

## **2. Risk management and business continuity**

- 2.1 Risks within Education are promptly identified and managed at appropriate levels (corporate, directorate, service, programme/project), and as far as possible mitigated, as part of the service review and planning cycle processes and ongoing self-evaluation. Monitoring is conducted through the directorate performance management and reporting mechanisms at PFM, SLB and EDSLTT meetings and programme/project boards with risks escalated as appropriate (with particular focus on 'red' risks). Heads of Service also discuss current and emerging risks at monthly 'one-to-one' meetings with their Team Managers.
- 2.2 The corporate online system is used for documenting and managing risks and all risks are evaluated and RAG rated (based on likelihood and impact) and updated at the end of each month. The risk management process is reported to the Audit Committee regularly. It is an expectation that the Education

Directorate is fully compliant with reviewing control measures, risk wording and risk level each month as part of a joined-up approach, particularly with Social Services (looked after children) and Place (business continuity and asset management issues). Education has responded to the need to improve the quality of control measures within the risk register.

- 2.3 Schools will undertake their own risk assessments as required, for example for school trips, building work and health and safety etc. There is no current requirement for schools to keep a generic risk register. Risks and issues are also reported monthly by officers at the School Risks and Issues meeting, using a school profiler. The profiler also records support given to schools to mitigate against any risks and issues. School representatives are also able to raise risks through various groups, as shown in Annex 1, as well as a monthly meeting with the chair of each sector's main representative group (YCA and SCCASH), the Director and Heads of Service. More recently, common risks for schools have been added to the corporate risk register, following a recommendation in the directorate's Risk Management Report for 2022/23. The main risk areas have been identified as:
- a few late renewal of DBS checks, particularly for staff on maternity or sick leave.
  - lack of strategic financial planning in a few schools.

Mitigation measures have been put in place and training and monitoring will continue to take place on these two areas.

- 2.4 Business continuity plans are updated annually for central education teams and captured in service business continuity plans requiring update by the end of each calendar year. Schools are also advised to produce business continuity plans by Welsh Government and the local authority.
- 2.5 Integrated Impact Assessments (IIAs) are required for the decision making at Cabinet (the executive level). If EDSL identify a policy, change or review that requires a Cabinet decision then an IIA must be completed at the inception stage.
- 2.6 Current issues, as opposed to risks, include lack of coherence between growing national expectations and core funding settlements. Greater base funding is required rather than ad hoc Welsh Government grant initiatives. Limited capacity and resilience across the Directorate to maintain core statutory and regulatory duties and respond to growing demands is also an issue. In addition, lack of capacity across wider council services and the construction industry itself with the growing scale of capital investment opportunities remains an issue. The increasing costs of home to school transport is an external pressure that remains difficult to control. It is only by working in the medium to long term with the Place Directorate that Education can start to ease the negative impact on this aspect of its budget.

### **3. Performance management/and key performance indicators**

- 3.1 Education has a set of high-level strategic priorities that are reviewed on an annual basis, in consultation with EDSL. In addition, the Directorate has three overarching Service Plans, one per Head of Service, updated annually at the end of each financial year in line with corporate planning requirements. Priorities identified in the Corporate Plan 2023-2028 [Corporate plan - Swansea](#) are reflected in, addressed and delivered through Education's Strategic Priorities and Service Plans. Each quarter, the Director of Education reports to the Corporate Management Team (CMT) on progress of the Service Plans.
- 3.2 As well as the annual cycle of planning and reporting, there is an internal five-year plan that is reviewed after two academic years. The high-level internal plan is called Abertawe 2028, following the successful delivery of Abertawe 2023. The partnership plan is drawn up in consultation with headteachers to ensure visibility on key priorities, the enabling factors required to deliver priorities, and the shared vision for education in Swansea. Abertawe 2028 is due for imminent launch following a full review conducted in academic year 2022-2023.
- 3.3 As well as the corporate requirement to hold monthly PFM meetings, Education has weekly SLB meetings and monthly EDSL meetings. Through these, the progress and impact of service delivery is reported on and monitored. SLB is a key conduit for directorate decision making. EDSL is a key conduit for integration across the directorate.
- 3.4 Each Team Manager is expected to contribute to delivery against Service Plans. Issues are highlighted and risks are discussed in 'one-to-one' meetings with line managers. If a risk (something that could happen) cannot be mitigated easily or an issue (something that has already happened) cannot be resolved easily then matters must be escalated to the Head of Service to be included on the corporate risk register that has three layers starting with service risk, then directorate risk and finally corporate risk.
- 3.5 Each member of staff receives an annual appraisal each September-October, which includes reviewing progress of the previous year's objectives, and development/training plans, and objectives are set based on their contribution to delivering their Service Plan's objectives for the coming year. Informal mid-year reviews are conducted half yearly in April and can be part of the monthly one-to-one meeting between managers and their direct reports. Education will be trialling the new Goals and Performance approach, aligned to Oracle Fusion during 2023-2024 academic year.
- 3.6 Team Managers hold regular meetings with their teams, where progress against key priorities and targets are discussed and staff are given the opportunity to raise risks and issues and hear wider directorate and corporate communications. All staff have regular one-to-one meetings with their managers/team leaders for performance monitoring and pastoral support.

3.7 Performance indicators are aligned to corporate and service plans, reported corporately, where appropriate and considered carefully in order to inform future planning.

#### **4. Planning and decision making**

4.1 The Education Directorate has robust monitoring and management structures, processes and practices in place, to appropriately review delivery against planned targets and outcomes, and to monitor and manage all aspects of financial, performance and service delivery risk.

4.2 All key decision making boards within the Education Directorate have terms of reference for decision making. In addition, the Directorate refers to the current PFM terms of reference.

4.3 Overall leadership and strategic governance is provided by SLB which has met weekly and is comprised of the Director of Education and Heads of Service. In addition, fixed term associate membership to SLB is offered to support resilience and develop leaders. Operational delivery of education services is managed by the Team Managers of the nine Service Teams.

4.4 SLB, along with the Team Managers, comprise EDSLTT which meets monthly.

4.5 In addition, Education Directorate officers lead and/or participate in several key strategic and stakeholder/consultative/co-construction and partnership groups. The Directorate places high value in working in partnership with schools to ensure collaborative processes and transparency.

4.6 Overall, the governance structure along with robust planning, monitoring, review and risk management practices ensures sound planning and decision making. Governance and planning underpin performance and financial monitoring, as well as integrated and collaborative ways of working effectively.

#### **5. Budget and resources management**

5.1 In line with corporate requirements, the Education Directorate holds PFM meetings. This group monitors the progress of and addresses:

- service Plans, objectives and targets
- key performance indicators (KPIs)
- corporate, directorate and service risks
- capital and revenue budgets
- Freedom of Information Act (FOI) requests; Subject Access Requests (SAR) and complaints
- directorate's sickness levels
- school senior management absence
- cases of fraud
- headcount reductions
- procurement and financial controls

- school and central service audits
- termly and annual reports on safeguarding in schools and the Directorate
- preparations for, and actions arising from, local authority inspections/ regulatory activity

## **6. Fraud and financial impropriety**

- 6.1 The assurance framework and robust internal controls set out in this report provide a solid foundation for the continuing promotion of an anti-fraud culture within the Education Directorate and for any matters of concern to be identified and confidently raised by staff.

## **7. Compliance with policies, rules and regulatory requirements**

- 7.1 The assurance framework and robust internal controls set out in this report provide a solid foundation for ensuring compliance with policies, rules and regulatory requirements within the Education Directorate.
- 7.2 Periodic reminders are given to managers and team members and re-emphasised in any training opportunities. Training is provided through EDSL T for Team Managers on rules and regulations, particularly in respect of financial procedures and budgeting. Additional training will be given where needed, for example to support the Catering and Cleaning Team as a result of their recent moderate audit outcome that has highlighted a number of procurement areas that need to be tightened up.
- 7.3 Financial training is offered on a termly basis to all leadership staff in schools, as well as governors. Bespoke training is also offered to newly appointed headteachers. Specific procurement training was offered to schools for the first time in academic year 2022-2023, recognising that this area is the most common area picked up during school audits, and training will continue to be offered at least twice a year to leadership and office staff.
- 7.4 Training is also provided to schools and central staff on IR35 (an online tool that supports compliance with HMRC requirements in relation to the employment status of individuals) to ensure schools are aware of their responsibilities to ensure staff are employed correctly. However, not all schools are compliant, following training:
- Fifteen IR35s were over 12 months old when the last invoice was paid.
  - Five IR35s had been completed during the audit and two had been completed after the information had been requested as part of the audit.
  - Four IR35s had not been completed or were not available during the audit.
  - Twelve IR35s had insufficient detail of the supplier or service recorded on them. This included handwritten notes on the IR35 after they had been printed.
  - Five IR35s recorded a result of 'unable to make a determination'.

- Only a small number of the primary and special schools had undertaken the IR35 training in the last 12 months.

Schools that have not attended the IR35 training in the last 12 months will be asked to attend the next session, and feedback from the audit with recommendations will be shared with all schools and governors in the Education Directorate newsletter by end of September 2023.

## **8. Programme and project assurance**

- 8.1 Programme and project level governance and risks associated with the Quality in Education (QEd)/Sustainable Communities for Learning Programme are managed via mature programme and project risk management processes in line with corporate requirements and Welsh Government grant conditions and gateway review recommendations.
- 8.2 The governance of the programme and the detailed business cases required to access the available capital investment funding streams are rigorously scrutinised by Welsh Government officials and consistently positive feedback has been received.

## **9. Internal controls**

- 9.1 Key elements of the internal control framework include:
- clear roles and responsibilities.
  - clear and effective authorisation processes.
  - robust and complete policies and procedures.
  - robust monitoring, reporting and review arrangements.
  - timely identification and mitigation of control weaknesses.
  - staff awareness of procedural rules.
  - promotion of an anti-fraud culture.
- 9.2 Internal controls compliance is assured through:
- performance and budget monitoring and robust action, reporting and escalation.
  - internal audit assurance.
  - Senior Management Assurance Statements.
  - risk management/data security.
  - programme/project assurance.

## **10. Data security**

- 10.1 The Directorate manages high levels of personal information, and statutory requirements are such that this information needs to be routinely used to inform reports, assessments and plans. The consequences of any inadvertent data breach are always serious.
- 10.2 The processes for monitoring and reporting breaches are well established across the Directorate, as are the processes for learning from any such breach. Officers collaborate closely with the council's Data Protection Officer



to ensure that any lessons learned from breaches anywhere in the council and beyond are used to continually improve our processes.

- 10.3 Arrangements are in place and monitored at PFM and officers are appropriately trained and reminded of the importance of agreed procedures. This is apparent from the limited number of breaches and issues that have taken place within the Directorate.

## **11. Partnership/collaboration governance**

- 11.1 Education Directorate officers lead on several key strategic and stakeholder/consultative/partnership groups, to ensure that there is regular engagement and appropriate input from key stakeholders into key planning processes, and to further enhance monitoring of progress and performance. Increasingly, the directorate relies on key delivery partners.
- 11.2 In all groups, important strategies, challenges and issues are discussed, clear outcomes defined, and actions allocated.
- 11.3 The principal key strategic and stakeholder/consultative groups which education officers lead and/or participate in are the strategic and consultative groups in the local authority/schools' Partnership Agreement.
- 11.4 New regional school improvement partnership arrangements are now in place and embedded with Partneriaeth, with appropriate governance and risk management.

## **12. Integrated Assessment Implications**

- 12.1 The council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.
  - Deliver better outcomes for those people who experience socio-economic disadvantage.
  - Consider opportunities for people to use the Welsh language.
  - Treat the Welsh language no less favourably than English.
  - Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 12.1.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must conduct sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by

acting, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals.

12.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also considers other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

12.2 An IIA Screening has been completed (Appendix C). This is a 'for information' report on the internal control environment in the Education Directorate. There are no specific equality issues relating to this report and no direct impact on people or communities, so there is no need to complete a full IIA report.

### **13. Legal Implications**

13.1 There are no legal implications.

### **14. Financial Implications**

14.1 There are no financial implications.

**Background papers:** None

#### **Appendices:**

- Appendix A Education Directorate - Corporate and Directorate Risks at 1 September 2023
- Appendix B Education Directorate- Assurance Map
- Appendix C IIA Screening Form