

COMMITTEE SUMMARY

Title of the Audit: Education Services, Financial Services and Development and Regeneration Services – School Meals BACS Payment Process

1. Introduction

1.1 Measures to remove cash handling for the payment of school meals were introduced within all schools from the start of the 2020/21 academic year as a result of the Covid-19 pandemic. From August 2020 schools implemented a system for enabling payments for school meals and breakfasts to be made by BACS transfer.

1.2 It is anticipated that these arrangements will be temporary until Parent Pay (a cashless online payment system) is implemented across all schools, however it is likely that the BACS payment arrangements will be in place for the remainder of the 2020/21 academic year.

1.3 The purpose of the audit was to gain assurance that the temporary procedure for payment of school meals via BACS transfers is operating efficiently and with effective controls in place to minimise the risk of error or fraud, and to ensure that appropriate records are maintained.

1.4 The scope of the audit included reviewing:

- Documented policies and procedures and any training or support available to employees.
- The roles and responsibilities of all teams involved.
- A sample of payments and reconciliations across a number of establishments to confirm that the process is operating as intended.
- Monitoring arrangements to identify and manage any issues.

- Record keeping and retention arrangements, including information security controls.

2. Audit Opinion

2.1 Based on the audit work carried out a limited level of assurance can be placed on the control environment. We recognise that the arrangements in place are likely to be temporary and that they were implemented under severe time pressure during a period of ongoing strains on resources and working arrangements. The audit has however identified scope for improvement in the existing arrangements and two recommendations which management should address.

3. Main Findings

3.1 We confirmed that some controls have been put in place. In particular we noted:

- A process note has been developed and issued to all Head Teachers which outlines the rationale for the temporary system along with details of how the system is expected to operate.
- Briefing sessions were held with Head Teachers during August 2020 to provide advice and guidance on the process and arrangements have also been put in place to ensure that advice and support is available to individual schools on an ongoing basis whenever queries arise.
- A separate bank account has been established for school meal payments into which all BACS payments are paid.
- A standard letter, which detailed the changes in the

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procedures for making payments for school meals during the 2020/21 academic year, was developed and issued to all schools. This letter was issued to all parents by individual schools using their normal communication channels including emails and social media.

- A system of unique reference numbers was developed for the BACS payment system. These unique reference numbers enable payments made to be linked to the correct school and pupil.
- The unique reference numbers are used to generate individual reports detailing all BACS payments received in relation to individual schools and these are issued to each school on a weekly basis.
- Arrangements are in place for reviewing and identifying BACS payments which do not have a reference number or which have an incorrect reference number and which cannot easily be matched to the correct pupil to ensure that these are, where possible, matched against the correct pupil and the relevant school advised.

3.2 We also noted that appropriate contingency arrangements are in place to ensure that pupils are not disadvantaged in the event that payment for school meals has either not been made or not recorded.

3.3 However we noted some key areas where controls are inadequate to ensure that recovery of funds is operating effectively. We understand that Education and individual schools are under extreme pressure at present due to the ongoing Covid-19 situation and that in many schools there are resource issues, additional demands on staff time and also potential staff absences. We noted however that although

schools have been provided with advice and guidance on how the BACS arrangements should operate, within four of the five schools reviewed the agreed procedures were not operating as intended.

3.4 In particular we noted that documentation is not being retained to record details of all pupils presenting for meals on a daily basis within three of the five schools reviewed during the audit. As a result it is not possible to reconcile meals provided against payments made and to therefore identify or chase up outstanding payments. In one other school we noted that a record is maintained of the meals provided to pupils where BACS payments are received, to enable any arrears in payments to be identified. However where pupils present for meals and there is no record of BACS payments having been made on their behalf, such pupils will not be refused a meal but no record is maintained to enable these to be followed up.

3.5 We also noted that only one of the five schools reviewed currently have arrangements in place for pursuing payments for meals which have been provided but not paid for.

3.6 An action plan is provided at section four outlining our observations, risks and recommendations. We have made two recommendations for improvement. The priority of each recommendation is:

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Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	2
Medium	Less critically important controls absent, not being operated as designed or could be improved.	0
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.7 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.8 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.9 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Reconciliations are undertaken between services provided and income received.				
1	<p>We understand the current BACS payment arrangements are temporary and schools are also currently under extreme pressure. However, documentation is not being retained to record details of pupils presenting for meals on a daily basis within three of the five schools reviewed. Details of pupils paying by BACS are maintained but there is no confirmation of which pupils have actually been provided with meals. Therefore it is not possible to reconcile payments made against meals provided to identify outstanding payments or unused balances.</p> <p>For one of the other schools from the five reviewed, serving staff do retain records of pupils provided with meals who are paying by BACS or who are entitled to a free school meal. However, if children present for a meal but are not entitled to a free school meal and are not on the BACS payments system this is not recorded. No details are therefore maintained to enable these pupils to be identified and non-payment reviewed or pursued.</p> <p>Where reconciliations are not undertaken nor proper records maintained, non-payment for meals provided cannot be identified and pursued. There is also an increased risk that were incorrect bank account details provided to parents/guardians in error or otherwise, it would</p>	<p>Management should ensure that all schools have established appropriate and proportionate arrangements to suit their own local circumstances which enable them to maintain records detailing individual pupils receiving meals on a daily basis.</p> <p>Consideration should also be given to finding a temporary corporate resource to undertake a reconciliation of meals taken and payments received, using the BACS income reports, to provide an additional layer of control</p>	High	<p>Response: The primary focus will be placed on those not eligible for free meals in order to best align with risk exposure.</p> <p>In the interim, Education has requested that CFM move back to the pre COVID cash collection and reconciliation arrangements. This will be subject to the prevailing CFM health and safety risk assessment associated with cash handling.</p> <p>A corporate business case has been approved for implementation of parent pay and cashless catering which will offer a permanent solution</p> <p>Officer Responsible for Implementation: Head of Resources Education Services</p> <p>Timescale for Implementation: 31 May 2021 for interim arrangements and 31 August 2022 for the permanent systems development.</p>

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

Item 2 (f)
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	be more difficult to detect funds due to the Council not being paid into the correct bank account.			
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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Reconciliations are undertaken between services provided and income received and arrears in payments are identified and pursued.				
2	<p>Consistent arrangements regarding non-payment for school meals are not currently in place and individual schools are therefore operating different practices. We noted that only one of the five schools reviewed currently has arrangements in place for outstanding payments for all pupils. Staff at one additional school also advised that they were reviewing and considering contacting parents/guardians who were paying by BACS and who were in arrears with their payments. No arrangements are currently in place within this school however for recording meals provided and therefore it is not currently possible to pursue payments for pupils whose parents/guardians have not requested to pay by BACS and who are not entitled to a free school meal.</p> <p>Where consistent practices are not in place there is an increased risk of loss of income and of inequality of treatment leading to reputational damage.</p>	<p>Management should ensure that a corporate decision is made and that schools are advised on arrangements for pursuing non-payment for school meals during the current academic year to ensure that consistent practices are adopted across all schools and all areas.</p>	High	<p>Response:</p> <p>The service has accepted this element of risk exposure in favour of the priority of ensuring access to a meal for those in need. Any associated income loss will be included in the Corporate COVID financial returns until such times as normal payment processes are reinstated.</p> <p>Officer Responsible for Implementation:</p> <p>Head of Resources, Education Services</p> <p>Timescale for Implementation:</p> <p>30 April 2021</p>