

# EXECUTIVE COUNCIL

## PUBLIC

<b>Title:</b>	Response to the Public Accounts Committee Report on Internal Audit: Falkland Islands Community School
<b>Paper Number:</b>	79/18
<b>Date:</b>	28 May 2018
<b>Responsible Director:</b>	Director of Education
<b>Report Author:</b>	Director of Education
<b>Portfolio Holder:</b>	MLA Stacy Bragger
<b>Reason for paper:</b>	This paper is submitted to Executive Council: To meet a statutory requirement
<b>Publication:</b>	This report should be made public after submission to the Legislative Assembly in May 2018
<b>Previous papers:</b>	N/A
<b>List of Documents:</b>	None

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### 1. Recommendations

Honourable Members are recommended to approve:

- (a) Approve submission of this response to the Assembly

### 2. Additional Budgetary Implications

None

### 3. Executive Summary

- 3.1 The Public Accounts Committee submitted a report to Members of the Legislative Assembly on 3<sup>rd</sup> July 2017 following their review of the internal audit regarding the Falkland Islands Community School.

- 3.2 The audit was conducted in April 2017 and the outcome was satisfactory. However the Public Accounts Committee were concerned that a large overpayment had been made to a supply teacher. Members would like assurance that systems will be improved to ensure that this type of incident will not occur again. A response to the Assembly is provided below.

#### **4. Background**

- 4.1 During the audit, a random sample of 45 supplier invoices was selected covering the financial years 2015-16 and 2016-17 to ensure that they were being processed in line with Financial Instructions.
- 4.2 One invoice was for £4561.41, dated 24/08/16, and was paid on 13/10/16. This was for a supply teacher who undertook 24.5 hours work; the hourly rate charged was £186.18.
- 4.3 Education Finance were asked to verify the rate as being correct and they stated that £186.16 is the daily rate for a supply teacher.
- 4.4 The individual concerned did not make any contact with FIG to query the rate of pay at the time.

#### **5. Response to Public Accounts Committee (PAC 3/7/17)**

- 5.1 The response to the audit was dealt with by the Director of Education at the time who wrote to the supply teacher in question. After further correspondence between the Education Department and the supply teacher, an agreement was made to pay back the money by way of instalments at a £100 per month. A payment plan was prepared by the Treasury in September 2017.
- 5.2 A payment of £300 was made on 7<sup>th</sup> December 2017 for October, November & December instalments, and a further payment on 5<sup>th</sup> April 2018 of £400 to bring the payments up to date. In a conversation between the Education Finance Officer and the supply teacher, she indicated that she would be setting up a standing order, going forwards.
- 5.3 The debt has reduced from £3,953.32 to £3,253.32 and payments are currently up to date. However, it will still take another three years for the debt to be cleared.
- 5.4 Education Finance undertook a review of all supply teacher invoices at the time of the audit findings (April 2017) to ascertain whether other similar mistakes had been made or if this was an isolated problem. All other payments to supply teachers have been based upon correctly calculated claim forms. Another matter that is highlighted by this case is that a supply teacher who is resident in the Falkland islands for more than 31 days in any 12 month period will be liable to tax. Work has been completed between the Tax Office and DHSS to provide agency workers at KEMH with the opportunity to have tax deducted from payments due to them. An instruction will be issued to FIG departments that payments to individuals should be taxed, and that sending in what purports to be an invoice is a claim form.

- 5.5 During 2018/19 the Treasury will review the overall debtor process to see what improvements can be made. This will include seeing if better use can be made of the Collections Management module within Dynamics, and also to have earlier engagement with debtors. From the case described above, a change that should be put in place is for repayment plans to be decided by Treasury, who have ultimate responsibility for collection of debts.

## **6. Options and Reasons for Recommending Relevant Option**

- 6.1 None

## **7. Resource Implications**

- 7.1 None

## **8. Legal Implications**

- 8.1 None

## **9. Environmental & Sustainability Implications**

- 9.1 None

## **10. Significant Risks**

- 10.1 The risk of the debt not being repaid is minimal as the Education Finance Officer is monitoring the repayments through the accounts system.

## **11. Consultation**

- 11.1 None

## **12. Communication**

- 12.1 Internal consultation held within the Education Directorate to establish historical facts.
- 12.2 The Education Finance Officer has liaised with the Finance department to confirm dates of payments.

## Appendix A

### Public Accounts Committee

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Ref: PAC/17/06/07

3<sup>rd</sup> July 2017

Members of the Legislative Assembly  
Gilbert House  
Stanley

Dear Members,

#### **Internal Audit: Falkland Islands Community School**

At our Committee Meeting held on 8<sup>th</sup> June, the Chief Internal Auditor appraised us of an Internal Audit regarding the Falkland Islands Community School.

We understand that the audit was satisfactory, however we were alerted to instances of recruitment where HR procedures were not correctly followed. We understand that this has been rectified. More concerning is the situation of a large overpayment made to a supply teacher. Members would like assurance that systems will be improved to ensure that this type of incident will not occur again.

Yours sincerely,



Dr Andrea Clausen  
Chairman  
Public Accounts Committee

cc: Chief Internal Auditor