

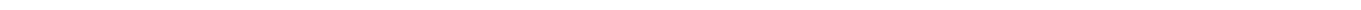


EDUCATION SCOTLAND CORPORATE FINANCE STRATEGY 2020-23

For Scotland's learners, with Scotland's educators

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About Education Scotland

Background

Education Scotland is the key national improvement agency for education in Scotland. It was established on 1 July 2011 as an Executive Agency of Scottish Ministers under the terms of the Scotland Act 1998. Education Scotland brought together the work of Learning and Teaching Scotland (LTS), HM Inspectorate of Education (HMIE) and some functions previously carried out by the Scottish Government, in particular the teams responsible for Continuing Professional Development and Positive Behaviour. The organisation is an Executive Agency of the Scottish Government and charged with supporting quality and improvement in Scottish education and thereby securing the delivery of better learning experiences and outcomes for Scottish learners of all ages.

The organisation's status as an Executive Agency means that it operates independently and impartially, whilst remaining directly accountable to Scottish Government ministers for its standards of work. This status safeguards the independence of inspection, review and reporting within the overall context of the National Improvement Framework.

Coronavirus

Coronavirus is having a significant impact on the work that Education Scotland staff are able to safely carry out and 2020-21 sees a very different start to the year. The [Corporate Plan](#) has been amended to reflect changes in the type of support provided by Education Scotland although the focus remains on supporting Scotland's learners and educators.

Education Scotland Vision

Education Scotland's vision is to achieve excellence and equity for Scotland's learners with Scotland's educators.

Education Scotland Mission

Education Scotland's mission is to work with Scottish educators to deliver excellence and equity and improved educational outcomes for all Scotland's learners.

Education Scotland's Strategic Priorities

- Strong focus on learning, teaching and leadership;
- National collaborative professional learning networks;
- Getting It Right For Every Child;
- Best use of high quality evidence;
- Effective partnerships.

Duty of the Accountable Officer

The Chief Executive, as Agency Accountable Officer, is responsible for achieving the Agency's policies, aims and objectives whilst safeguarding public funds and assets.

The Finance Strategy is a key element of supporting the Chief Executive and other Education Scotland staff in carrying out their financial responsibilities by making sure that public funds are used wisely and only in direct furtherance of the organisations stated priorities.

Finance in Education Scotland

Funding of Education Scotland

Education Scotland is allocated a budget by the Education and Skills portfolio of the Scottish Government. Budget plans generally cover a three year period but budget allocations are generally made annually because of uncertainties around tax receipts and economic forecasts.

[Scottish Budget 2020-21 Education and Skills portfolio](#)

Purpose of the Finance Strategy

The total budget allocated to Education Scotland by Scottish Ministers is finite and this finance strategy is designed to ensure that Education Scotland is able to deliver its strategic objectives in ways that make the best use of the funding available. This strategy is, therefore, closely related to the procurement strategy. This strategy sets out the direction for the next three years and will be reviewed annually.

Key Objective of the Finance Strategy

The key objective of the Education Scotland finance strategy is to deliver the [Corporate Plan](#) in a way which maximises outcomes from the available budget.

Finance Vision

The vision of the finance team is to ensure that Education Scotland staff are provided with high quality financial information which will allow them to make effective financial decisions and manage resources

Finance Mission

The mission of the finance team is to provide accurate and timely financial information to support Education Scotland staff in making the best use of the resources they have available.

Finance Principles

Our finance principles and guidance are based on those set out in the Scottish Public Finance Manual. We follow the reporting principles in the Financial Reporting Manual (FReM) and the budgeting guidance in HM Treasury's Consolidated Budgeting guidance.

Education Scotland's annual accounts are audited by Audit Scotland and internal audit services are provided by the Scottish Government.

There are three fundamental principles of finance. These are:

- Efficiency – resources must be used in such a way that outcomes are maximised and waste is minimised;
- Effectiveness – resources used must achieve the desired outcome;
- Economically – resources should provide the best possible value for the lowest cost. This does not mean that when buying goods and services that only the lowest cost option will be selected. The best value option will consider both quality and price as set out in Education Scotland's procurement strategy.

Finance and Education Scotland's strategic priorities

What we will do:

The finance team will contribute to the delivery of Education Scotland's purpose and strategic priorities by supporting the organisations business operations, within and across directorates, with their financial management responsibilities. The finance team will provide business areas with spend to date information at the start of each month which will show the split between staff and non-staff costs. The finance team will provide advice on financial procedures to ensure that staff adhere to the guidance within the Scottish Public Finance Manual.

We will work in partnership with the Scottish Government's Central finance team(s) so that Education Scotland contributes to and supports delivery of wider educational objectives.

How we will demonstrate this:

Monthly finance reports will provide a direct link between Education Scotland's strategic priorities and financial performance. This will be reported to the Leadership Team on a monthly basis and also to the Advisory Board and to the Audit and Risk Committee each quarter.

The finance team will report on forecast expenditure compared to budget to allow Strategic Directors to effectively manage and control expenditure on an on-going basis throughout the financial year.

At the end of the year the finance team will produce a set of annual accounts which complies with International Financial Reporting Standards (IFRS) and which reports on expenditure, performance and accountability over the year. These will be audited by Audit Scotland.

Finance strategic priorities

Finance and Budgeting

What we will do:

As a public sector body, the budget Education Scotland is allocated is finite and it is important that tax payers money is used wisely. The following list highlights what the finance team do in order to support effective budget management:

- Engage with the Leadership Team and SG colleagues as part of the Spending Review to ensure that Education Scotland secures sufficient budget to deliver its objectives.
- Support the Leadership Team in preparing and documenting the budget planning timeline and processes.
- Work with the Strategic Business Unit (SBU) and HR to ensure accuracy of the staff budget and the forecast cost of staffing.
- Prepare a monthly finance report to go to Leadership Team and governance boards highlighting the latest position of budget compared to forecast outturn.

How we will demonstrate this:

- Education Scotland's contribution to the Comprehensive Spending Review (CSR) process will be published within the Scottish Government annual budget.

- The budget planning timeline and processes will be published on the intranet
- The finance team will work with SBU and HR to cost up short and medium term workforce plans which will be reported to the Leadership Team. Reporting on current workforce levels will be done monthly and medium term plans will be updated annually.
- The finance team will work with SBU and HR to analyse the gap between the baseline organisational structure and staff in post and will report this to the Leadership Team each month to assist them in making effective recruitment decisions.
- We will provide all Budget Holders with spend to date information at the start of each month to assist in preparing forecasts of expenditure for the remainder of the year.

Finance and Accounting

What we will do:

Education Scotland has a duty to correctly account for transactions accurately and quickly to ensure that the data within the financial system is reliable.

Education Scotland's stated objective is to process invoices and have the money in the suppliers bank within 10 days. In processing the transaction, the finance team will review the VAT to ensure the correct treatment has been applied.

At the end of the financial year the finance team are responsible for producing the annual accounts. These must comply with legislation and provide a true and fair view of the organisation's financial position.

How we will demonstrate this:

- VAT treatment on transactions will be reviewed monthly and adjustments will be made during the relevant quarter.
- The quarterly VAT return for HMRC will be signed off at SD level.
- Information on payment performance will be reported to the Chief Executive each month.
- The Annual Accounts will be prepared at the end of the financial year and will be audited by Audit Scotland.
- The Annual Accounts and information required under the Public Services Reform Act will be published on Education Scotland's web page.
- Reviews by Internal Audit and Audit Scotland will demonstrate how well Education Scotland is meeting its financial responsibilities and highlight any areas for improvement.
- EPC transactions will be reviewed each month and transactions over £500 will be published on Education Scotland's web page

Finance and Training

What we will do:

The finance team will provide training and advice to increase financial knowledge and skills throughout the organisation. Finance training will be offered to staff, either in groups or on an individual basis, to ensure that they have the required knowledge to carry out financial responsibilities.

How we will demonstrate this:

- Finance Advice Notes will be made available on the finance page of Education Scotland's intranet. These will include, Budget Planning and Monitoring, Financial Accounting and year

end processes, Pecos/ Easebuy, Electronic Procurement Cards, Temporary staff and expenses.

- Staff will be given access to the SEAS system only when they have completed relevant SEAS training.
- Staff will be given access to Pecos only when they have completed the relevant training.
- Staff using the EPC card will sign to say that they understand the regulations surrounding use of the card.
- Training dates will be recorded.

Finance and Fraud Prevention

What we will do:

Finance has a key role to play in prevention of fraud. There is a potential for fraud in all financial systems (SEAS, Pecos and EPC) and therefore all systems will have appropriate segregation of duties and approval hierarchies.

The most likely areas of fraud within Education Scotland are fraudulent expense claims and misuse of the flexible working system. Managers have a critical role to play in ensuring that they review expense claims before approving them and regularly review flexible working 'clockings' and 'updates'.

How we will demonstrate this:

- Education Scotland will utilise SG financial systems which have appropriate segregation of duties and levels of approval embedded within the systems.
- Education Scotland staff will follow SG fraud reporting and staff will be advised on the whistleblowing process.
- Instances of fraud will be reported to the SG Fraud Response Group.
- Staff will be advised to complete the Civil Service on line training course on Counter Fraud, Bribery and Corruption each year

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