

**AUDIT REPORT 20'012**

**MILNE'S HIGH SCHOOL**

**EXECUTIVE SUMMARY**

The annual Internal Audit plan for 2019/20 provides for a review to be undertaken of secondary school establishments as part of a rolling programme of audit visits. In consideration of previous secondary school audit coverage undertaken, Milne's High School was selected for review.

The purpose of the audit was to undertake a review of the operation of the Devolved School Management Scheme in terms of allocation of funding and the management of these funds at school level. Consideration was given to how budgets are affected by national, Council and school priorities and an assessment made of the extent to which school management can influence the allocation of financial resources.

In addition to undertaking an overview of how the school develops, monitors and controls its £2.6 million budget, the audit involved a study of the management of the significant staffing costs involved in delivering the curriculum being 87% of the total budget, a review of procurement practices, an examination of the school's administration of income and also confirming accountability for School Fund monies. This audit work has focused on the practices in the current 2019/20 financial year to date and reference made to the full 18/19 year where relevant.

The review has found Milne's High School to be well managed with a sound appreciation held of policies, procedures and financial management processes and an emphasis on administrative control has been demonstrated.

This has been the first school audit visit where extensive use of Ipay, the Council's online payment system, has been seen in administering a range of income sources such as practical subject charges and contributions for trips and activities. This has noticeably reduced both cash handling for the school and the manual administration effort required to record the receipts, whilst retaining a strong audit trail recording the source of amounts collected and sums remaining outstanding.

In terms of issues arising in the course of this audit, these were few in number and categorised as low risk, mainly relating to small improvements which should be made to School Fund administration and reporting.

# Moray Council

## Internal Audit Section

### Recommendations : Milne's High School

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
<b>Key Control:</b> Listings of equipment held by the School are kept up-to-date and secure with physical items appropriately identified.						
5.01	The opportunity should be taken at the next annual inventory review to dispose of any items which are no longer of use to the school and record these items as removed in the inventory listing.	Low	Yes	The Supervisory Technician will adhere to this on his annual inventory update from staff. Items will then be removed when identified by departments.	Business Support Officer	31/01/2020

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
<b>Key Control:</b> School Funds are administered in compliance with the School Fund Regulations.						
<b>5.02</b>	The annual School Fund statement should show the reconciliation to the bank statement to verify the activity reported and balances shown are complete and accurate.	Low	Implemented	The statement layout has been amended for the 2019/20 session.	Business Support Officer	
<b>5.03</b>	The cause of the error in compiling the annual statement should be identified to ensure any future statement prepared will reconcile to the cashbook detail and bank statement.	Low	Yes	This will continue to be looked at to identify where the problem has arisen.	Business Support Officer	31/01/2020

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.04	Significant transactions should be given their own category within the annual school fund statement in order to transparently explain the activity of the fund for the year. Miscellaneous income and expenditure categories should only be used for small non-recurring transactions which do not warrant separate identification.	Low	Implemented	Large amounts have been given their own category within school funds for this academic session.	Business Support Officer	

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.05	Cash Collection sheets should be signed by two officers in verification of the income handled, as per the stated procedure.	Low	Implemented	Administration staff have been reminded that two officers should sign every Cash Collection sheet completed.	Business Support Officer	