

AUDIT REPORT 19'011

ELGIN ACADEMY

EXECUTIVE SUMMARY

The annual Internal Audit plan for 2017/18 provides for a review to be undertaken of secondary school establishments as part of a rolling programme of audit visits. In this particular audit exercise, Elgin Academy was selected for review.

The main 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 budgets, the audit involved a study of the management of the significant staffing costs involved in delivering the curriculum, a review of procurement practices, and an examination of the school's administration of income.

A review was also undertaken of the School Fund to ensure all income and expenditure are recorded appropriately and records are maintained in accordance with the School Fund Regulations.

This audit work has focused on the complete 2017/18 financial year and also 2018/19 to date. The devolved budget available to the school annually is £4.6 million, with staffing costs accounting for 80% of this budget provision.

The review has found Elgin Academy to be well managed with clear financial management processes. In terms of issues arising in the course of this audit, these were few in number and not categorised as high risk. The main issues which would benefit from management attention relate to:-

- A more structured approach should be taken regarding the internal financial reporting of the devolved school budget. The Senior Management Team within the School should be provided with regular reports of any significant variances between actual and budgeted expenditure.
- It was noted that the School has a significant sum of money within its School Fund. A clear strategy should be developed regarding the future operating purpose of the School Fund and how, if applicable, it is aligned to or complements the devolved school budget.
- Excellent records had been maintained to record all transactions for the School Fund. However consideration should be given to amending the format of the year-end financial statement to also include the opening balances for the various fund categories. The statement would then provide an overview of the activity of each fund category during the year.

Moray Council

Internal Audit Section

Recommendations: Elgin Academy

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	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
Key Control: Performance against budget is monitored by management on an ongoing basis with prompt action taken to address any significant variances.						
6.1	The School should consider a more structured approach for the internal financial reporting of the devolved School Budget. Budget/ Senior Managers should be provided with additional information to explain variances between actual and budgeted expenditure, and any issues arising therefrom.	Medium	Yes		Business Support Coordinator	31/12/2018

Moray Council

Internal Audit Section

Risk Ratings for Recommendations						
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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: School Funds are administered in compliance with the School Fund Regulations.						
6.2	The year-end School Fund Statement should be amended to record both the opening and closing fund balances.	Low	Yes		Business Support Coordinator	30/9/2018
6.3	The school fund activity code should be recorded against all invoices and income vouchers to aid reconciliations and cross referencing of transactions.	Low	No	Our new Business Support Co-ordinator does not feel that these activity codes are necessary.	Head Teacher	

Moray Council

Internal Audit Section

Risk Ratings for Recommendations						
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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
				Agree that invoices and income vouchers need to be cross referenced. New online banking system will eliminate need for activity codes.		
6.4	Officers with responsibility for specific School Fund activities should receive regular updates of the balances and transactions recorded against these accounts.	Medium	Yes		Business Support Coordinator	Ongoing

Moray Council

Internal Audit Section

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
6.5	Activity Fund records should be amended to also include the date monies are received. This would allow an easier reconciliation of the monies received from each pupil to the total monies banked.	Medium	Yes		Business Support Coordinator	Immediate
6.6	Further to the substantial funds accumulated within the School Fund, a clear strategy should be detailed regarding the future operating purpose of the fund and how it is aligned to or complements the devolved school budget.	Low	Yes		Business Support Coordinator	30/4/2019

Moray Council

Internal Audit Section

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Listings of equipment held by the School are kept up-to-date and secure with physical items appropriately identified.						
6.7	An Inventory Register should be maintained by the School of all furniture and equipment purchased from Council or School Funds.	Medium	Yes		Business Support Coordinator	30/4/2019
Key Control: ICT systems are kept secure and robust by use of access controls, virus protection and adequate recovery arrangements						
6.8	A review of the information saved within the shared drive should be undertaken and consideration given to restricting access to sensitive information to specific officers.	Medium	Yes		Depute Head Teacher	31/10/2018