

AUDIT REPORT 19'010**ELGIN HIGH SCHOOL****EXECUTIVE SUMMARY**

The annual Internal Audit plan for 2018/19 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, Elgin 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 £2.9 million budget, the audit involved a study of the management of the significant staffing costs involved in delivering the curriculum, 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 2018/19 financial year to date and reference made to the full 17/18 year where relevant.

The review has found Elgin High School to be well managed with a sound appreciation generally held of policies, procedures and financial management processes. In terms of matters arising from this audit, the main issues which would benefit from management attention relate to:-

- the need to align online banking transaction authorisations with the traditional management authorisation structure in place for cheque disbursements from the school fund;
- strengthening of controls required in school fund income accounting to evidence a clear audit trail to supporting documentation and bank lodgements;
- the need to update the school's inventory register following the move to new premises.

The issues noted relating to use of online banking are likely to be mirrored in other schools across Moray given recent developments in banking practice, and there is no reference to this in current School Fund Regulations, which were last updated in 2011. This will require to be addressed centrally.

Moray Council
Internal Audit Section

Recommendations – Elgin High School

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: Listings of equipment held by the School are kept up-to-date and secure with physical items appropriately identified.						
5.01	An up to date inventory listing should be maintained and regularly monitored, with a copy also kept off-site.	Medium	Yes	This will be actioned next session as all inventory has changed since the move to the new build in October 2017. School Support Co-ordinator will send email to Principal Teachers at start of next session asking them to complete a template to create a new inventory list for all moveable school property over the value of £500.	Head Teacher	31/10/2018
Key Control: School Funds are administered in compliance with the School Fund Regulations.						

Moray Council

Internal Audit Section

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.02	The authorisation process for non-cheque payments must be strengthened to align with the established cheque payment process. This will require consideration to be given to arrangements for management authorisation of online payments within the online banking system, to ensure this approval exists prior to the funds being committed.	High	Yes	The school is in a period of transition with leavers and new senior staff starting next session. It will be investigated with the bank as to the possibility of adding additional levels of security to the online bank account at the same time as the authorised signatories are updated.	Head Teacher	31/12/2018
5.03	The School Fund Regulations should be updated centrally to include the required	High	Yes	School Fund Regulations will be updated to include online banking,	Administration Manager	31/07/2018

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	controls to be applied when using online banking for payments from School Funds.			reconciliation of online payments received via IPay Impact and card transaction charges.		
5.04	Income administered by the school office, from whatever source, should be recorded in a manner to allow an audit trail from the source documents such as receipts, collection forms etc to banking lodgements.	Medium	Implemented	A new payment record sheet has been devised and issued to all staff asking them to make use of this for recording all income to the school with a specific column for noting receipt numbers.	Head Teacher	
5.05	A standardised income collection template should be developed for use when monies are collected outside the office environment. The	Medium	Implemented	As noted at 5.04 a new spreadsheet has been devised and when used by trip leaders will act not only as a receipt / income	Head Teacher	

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	collection record should document amounts received, their source and the date of receipt and should be copied to the office along with any passing of monies to verify the amount handed over between employees.			check sheet but also when printed will act as a signature sheet for money being handed over to the office for banking.		
5.06	Pupil trip contributions should be banked intact. When cash expenditure is required, a cash float should be issued to the responsible officer and documentation submitted to support each purchase	Medium	Implemented	All staff have been notified they must not hold back cash from income for 'cash expenditures' and that all cash must be banked intact. Any additional	Head Teacher	

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
	made.			cash required for trips will be withdrawn and accounted for separately by the provision of receipts.		