

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 November 2013

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Pencaitland Primary School

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Pencaitland Primary School.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan for Pencaitland Primary School.

3 BACKGROUND

- 3.1 A review of Pencaitland Primary School was undertaken as part of the audit plan for 2013/14.
- 3.2 The main objective of the audit was to ensure that the internal controls in place at Pencaitland Primary School were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

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DATE	7 November 2013

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
PENCAITLAND PRIMARY SCHOOL**

1. EXECUTIVE SUMMARY

1.1 Introduction

A review of the internal controls operating at Pencaitland Primary School was carried out as part of the Audit Plan for 2013/14. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- Appropriate arrangements are in place for the administration and management of School Fund income and expenditure.
- All purchase card transactions are supported by adequate documentation.
- Effective purchase card security procedures are in place.
- A clear audit trail exists for all purchases made by the School – purchases are supported by purchase orders and suppliers' invoices.
- The systems in place for the checking and receipting of purchase invoices are considered satisfactory.
- For goods ordered through the Pecos system, adequate procedures are in place for the ordering, authorising and receipting of purchases.
- The School operates a commitment spreadsheet to monitor the committed expenditure.
- Adequate procedures are in place for budget monitoring – the overall financial position of the School is regularly reviewed.
- Adequate arrangements are in place for the collection, recording and banking of all income received.

1.3 Areas with Scope for Improvement

- At present only one member of staff has been trained and is responsible for undertaking key tasks relating to income and banking. *Risk – lack of adequate cover for staff absences.*
- The arrangements for maintaining an up to date inventory of assets require review. *Risk – non-compliance with the Financial Procedures for Schools.*

1.4 Summary

Our review of Pencaitland Primary School has identified that internal controls in place are operating satisfactorily. Detailed findings are contained in our main Audit Report.

**Mala Garden
Internal Audit Manager**

November 2013

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
PENCAITLAND PRIMARY SCHOOL**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.4.3	Receipts should be issued to parents for cash payments in accordance with the Financial Procedures for Schools. Remittance slips completed by parents should be retained as evidence of payments being received.	Medium	Head Teacher	Agreed		November 2013
3.4.6	Management should ensure that adequate cover is in place for income and banking duties.	Medium	Head Teacher	Agreed		November 2013
3.6.7	Management should ensure that a valid VAT invoice/receipt is retained for all VAT reclaimed on purchases.	Medium	Head Teacher	Agreed		In Place
3.9.1	Management should ensure that an up to date inventory of assets is maintained in compliance with the Financial Procedures for Schools.	Medium	Head Teacher	Agreed		March 2014

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.