

REPORT TO: Audit and Governance Committee

MEETING DATE: 1 December 2015

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Musselburgh Burgh Primary School

1 PURPOSE

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

2 RECOMMENDATION

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

3 BACKGROUND

- 3.1 A review of Musselburgh Burgh Primary School was undertaken as part of the audit plan for 2015/16.
- 3.2 The main objective of the audit was to ensure that the financial arrangements in place at the 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	16 November 2015

EAST LOTHIAN COUNCIL – INTERNAL AUDIT MUSSELBURGH BURGH PRIMARY SCHOOL

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2015/16 a review was undertaken of the financial arrangements operating at Musselburgh Burgh Primary School. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- Detailed financial procedures are in place to provide guidance to staff responsible for administering the School's finances.
- Adequate arrangements are in place for the collection and recording of income.
- Regular reconciliations are undertaken of both the Petty Cash Imprest and the School Fund.
- A clear audit trail exists of all petty cash expenditure incurred.
- Appropriate arrangements are in place for the administration of the School Fund.
- For goods ordered through the Pecos system, adequate procedures are in place for the ordering, authorising and receipting of purchases.
- The overall financial position of the School is regularly checked and reconciled to the Council's general ledger.

1.3 Areas with Scope for Improvement

- There was a lack of evidence to confirm that purchase card transactions had been regularly reviewed. *Risk – inappropriate expenditure may be incurred.*
- In some cases, purchase card transactions were not supported by a valid VAT receipt or invoice. *Risk – failure to comply with HMRC guidance.*
- The authorised signatories for the Petty Cash Imprest bank account require to be updated – at present only one member of staff is a cheque signatory. *Risk – errors and irregularities may occur and remain undetected.*
- The School's authorised signatory list requires to be updated to accurately reflect current staff members. *Risk – information held may be out of date.*

1.4 Summary

Our review of Musselburgh Burgh Primary School has identified some areas with scope for improvement. Detailed findings and recommendations are contained in our main Audit Report.

Mala Garden
Internal Audit Manager

November 2015

**EAST LoTHIAN COUNCIL – INTERNAL AUDIT
MUSSELBURGH BURGH PRIMARY SCHOOL**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.1	The authorised signatories for the Petty Cash Imprest bank account require to be updated to ensure a minimum of two signatories.	Medium	Head Teacher	Both DHTs to be added as signatories along with HT.		January 2016
3.2.3	Management should review the petty cash arrangements in place at the Nursery.	Low	Head Teacher	Nursery Petty Cash to be withdrawn.		January 2016
3.2.4	Management should ensure that petty cash reconciliations are signed by the preparer and that appropriate checks are carried out by a second member of staff to ensure accuracy and completeness.	Medium	Head Teacher	Auxiliary and Admin will both sign reconciliation. Admin already carries out appropriate checks.		Already actioned
3.3.3	The School Fund reconciliations should be signed and dated by a second member of staff to evidence the checks carried out.	Medium	Head Teacher	Reconciliation will be printed out rather than viewed online. HT will check and sign.		Already actioned

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.3.4	Management should ensure that reimbursements from the School Fund to the DSM are actioned timeously.	Medium	Head Teacher	Will be actioned as required.		As required
3.4.5	Management should ensure that the 'Record of Money Handed in Directly to the Office' form is fully completed.	Medium	Head Teacher	Child's name added to details on sheet.		Already actioned
3.5.1	Management should ensure that the School's authorised signatory list is updated to accurately reflect current staff members.	Medium	Head Teacher	List will be updated.		January 2016
3.5.4	Management should ensure that purchase orders are fully completed and that details of the invoices passed for payment are recorded on the purchase orders.	Medium	Head Teacher	School's Order Form book will have invoice details added.		Already actioned
3.6.2	Management should ensure that the School's address is given as the delivery address for all goods ordered.	Medium	Head Teacher	A one-off arrangement to ensure delivery and payment before end of term.		

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.6.3	Management should ensure that purchase cards are only used by the designated cardholder.	Medium	Head Teacher	New DHT and Auxiliary will have purchase cards.		January 2016
3.6.4	Management should ensure effective monitoring of all purchase card transactions by the Cardplus Supervisor.	Medium	Head Teacher	HT will check and sign all purchase card statements.		Already actioned
3.6.5	Management should ensure that all purchase card transactions are supported by valid receipts or invoices.	Medium	Head Teacher	All purchase card transactions will be supported with sales receipts or invoices.		Already actioned
3.6.6	Management should ensure that VAT is only reclaimed where a valid VAT invoice or receipt is held.	Medium	Head Teacher	Valid VAT invoices or receipts will be obtained.		Already actioned

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.