

Financial Risk and Control Checklist

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Date of Completion
Of checklist:
19/3/2021

Completed by: ND

Date reviewed by:

Resources Committee
25/3/2021

FGB advised: 26/4/2021

Abbreviations

FPP = Financial Procedures Policy
GB = The Governing Body
DCC = Dorset County Council
SDP = School Development Plan
LA = Local Authority

This audit should be completed annually, after the close of the financial period. The review is of the processes in place in the financial year that has closed. It is an historical view, what has happened, not what you **intend** to do, or ought to have done.

The expected internal controls have been identified for each of the nominated risk areas, e.g. Governance. The school should indicate whether the internal controls are in place ("yes" or "no") and based on the overall responses for that risk area, assess if the likelihood and impact of any residual risk is considered to be "high", "medium" or "low" risk.

Where action is required to mitigate against any identified risk, this should be noted under the risk area as "Y" (or "N" if no action required) and an action plan produced that identifies the action to be taken, the responsible officer and the timescale for implementation. The Governing Body should monitor the action plan to ensure weaknesses are addressed and consider "high risk" areas when completing the annual Schools Financial Value Standard (SFVS) return.

As the financial control checklist should be completed on an annual basis, part of the following year's review should be to confirm the implementation of the previous year's action plan.

It is also considered good practice that the system relating to each control is documented in the Financial Procedures Policy. This can then be used as a procedural note for new staff and also made available to help resolve any queries from the Head Teacher or Chair of Governors in relation to their responsibility for signing off the SFVS.

This review should be completed by the people who use the system e.g. the Finance Officer or Bursar, the Head teacher, giving sufficient information for the governing body to understand how the school meets the control. (The GB could complete the governance section).

The completed review should be taken to the Governing Body annually to flag to them any control weaknesses over the last year. We recommend that the review is completed in the Spring/summer term and reviewed by governors in the summer term. The Governing Body should ensure an action plan is in place to address those weaknesses.

I. Governance

Potential Risks:

- (a) The GB does not fulfil all of its responsibilities.
- (b) Lack of clear direction results in weak Governance and reduces accountability and efficiency.

| Main Controls | Is the control in place? | How the school meets the control |
|--|--------------------------|--|
| 1. The FPP has been agreed by the GB and is reviewed annually. | Yes | To be reviewed by Resources Committee by 15/3/21 & submitted to FGB on 26/4/21 |
| 2. A record of the powers of delegation to the Headteacher and Committees is maintained by the GB. | Yes | TOR – Updated 6/11/2020 |
| 3. The Standing orders of the GB set out the frequency of GB and other Committee meetings and how minutes are recorded and decisions approved. | Yes | All Committee meeting minuted, these are approved and signed by the Chair of Governors or the Chair of the committee |
| 4. The GB and its committees have annual Governors Review cycle that ensure adequate forward planning of tasks and decisions | Yes | Agenda items and Dorset Governor used for review. Clerk to Governors prepares the review plan. |
| 5. The GB undertakes a regular review of its structure to ensure that it meets the needs of the school | Yes | Reviewed annually at the start of the new academic year. |
| 6. Areas for development within the GB are clearly recorded within the School Development Plan | Yes | SIP has been updated and emailed to FGB Governors. |
| 7. The FPP sets out the level and frequency of reports to the GB on the budget and other targets. | Yes | FPP – page 3 , Resources Committee reports to every FGB meeting |
| 8. There is a register of Business Interests for both Governors and Headteacher. It is reviewed annually. | Yes | Reviewed at FGB in September 2020. Declaration of interest an agenda item at each FGB & Committee meetings. |
| 9. To ensure accountability to stakeholders the GB annually publish the schools accounts on the school's website | Yes | Downloaded list from DfE website, checked all items on our school website. Link: https://www.gov.uk/guidance/what-maintained-schools-must-publish-online |
| 10. The GB has approved the Whistle Blowing policy recommended by DC HR department. | Yes | Reviewed on 15/3/2021. Forms part of the Staff /Governors Handbook. |
| 11. The GB have taken appropriate action on all significant matters raised in reports on their school from the internal auditor. | Yes | Reports discussed/reviewed at Governors Committees with no outstanding |

II. Financial Planning and Budgetary Control

Potential Risks:

- (a) Failure to plan ahead over several years / target resources reduces effectiveness and levels of improvement.
- (b) The school fails to manage within its available resources.

| Main Controls | Is the control in place? | How the school meets the Control |
|---|--------------------------|---|
| 1. The GB has adopted the latest Scheme for Financing School | Yes | Revised copy (September 20) emailed to Resources Governors – 3/3/21 |
| 2. The SDP clearly identifies the financial resources required to met the schools educational objectives and these are included in the Budget | Yes | Head/SSM meet and cost the SDP, termly, these costs are built into the budget. |
| 3. The schools budgetary forward planning takes account of future pupil forecasts. | Yes | Access Budget Planning package used. Pupil number projections from LA (Anne George – Birth Rate Report) & forecasting knowledge. |
| 4. Budget planning takes into account the Authority's financial efficiency in schools policy | Yes | Emailed updated V8 copy to Resources Committee - 15/3/21 |
| 5. The budget is approved by governors and submitted to the LA by 1 May. | Yes | Budget to be agreed on 25/3/21 (RC), 26/4/21 (FGB) email to DC 3/5/21 |
| 6. The FPP determines who is responsible for monitoring the budget and how often this is reported to the GB or Resources Committee. | Yes | Resources Committee responsible for monitoring budget monthly. FGB half termly. Budget Monthly Monitoring records checks undertaken. Document folder available for Governors to review. |
| 7. Actual and budget data from DES should be provided to governors with the finance reports, the documents should be dated. | Yes | Monthly monitoring reports – DES/FMS/HR/Profit centre/bank reconciliation produced from systems/ reviewed. These are produced for the Resources Committee and copies filed in Governors minutes folder. |
| 8. Financial reports are submitted to every FGB meeting, in writing and include outturn forecasts, variations from budget and virements. | Yes | Agenda item on FGB – Outturns produced 3 times per year, plus Annual Budget & SFVS |
| 10. There is at least a monthly check of the accuracy of central expenditure charges to the schools budget. | Yes | DES Report compared to FMS system, as per the Budget Monthly Monitoring Checklist – emailed to RC |

| | | |
|---|-----|--|
| | | 22/3/21 |
| 11. There is a monthly check of all changes to funding. | Yes | Any changes advised/emailed by Accountancy |
| 12. Governors are notified of all virements. | Yes | At both RC & FGB meetings |
| 13. Governors review and approve an outturn report each term at the last meeting prior to: 30 June 30 November 28 February | Yes | As no. 12 & documented. |

Based on the responses to the above what is the:

| | |
|---------------------------------|------------------|
| Likelihood / Impact of the risk | H / M / L |
| Action required | Y / N |

To be completed by Governor:

I, _____ have read and understood Financial Planning & Budgetary Control section (ii) of the Financial Risk & Control Checklist. I would like discuss further.

_____ (signed) _____ (print)

III. Payroll

Potential Risks:

- (a) The school staffing structure is not financially sustainable within existing pupil numbers.
- (b) Payments are made which are not properly authorised.
- (c) Payroll costs are incorrectly charged to the school.

| Main Controls | Is the control in place? | How the school meets the control |
|---|--------------------------|---|
| 1. The FPP makes clear who is responsible for all aspects of payroll administration. | Yes | Page 4 of FPP provides this information |
| 2. As part of the annual budget setting process there is a review of the staffing structure and its affordability. The outcome is considered by the GB and minutes accordingly. | Yes | HT & SSM review in February/March & July annually. RC & FGB meetings – minutes |
| 3. Payroll procedures make clear who is responsible for:- <ul style="list-style-type: none"> > Monitoring and checking the accuracy of new contracts and contract variations > Checking the monthly payroll print and the annual nominal roll check to ensure all staff are chargeable to the school and being paid at the correct rate, including any temporary payments, e.g., overtime, lettings. | Yes Yes | SSM has had training by LA. SSM completes HR forms, checked and authorised by HT, emailed to HR/Payroll checked. Monthly reconciliation procedures of payroll download & staff variation check. These reports are available for RC at meetings & monitoring folder. |
| 4. All payroll and associated records are kept confidentially with access limited to authorised individuals. | Yes | Lockable cabinet in school office. Key held securely in key safe. Accessed only by HT/SSM/SS. HR files are currently being uploaded to computer file only accessed by SSM & HT |

Based on the responses to the above what is the:

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|---------------------------------|------------------|
| Likelihood / Impact of the risk | H / M / L |
| Action required | Y / N |

To be completed by Governor:

I, _____ have read and understood Payroll section (iii) of the Financial Risk & Control Checklist. I have no concerns or follow up action.

_____ (signed) _____ (print)

IV. Purchasing Arrangements

Potential Risks:

- (a) The school does not achieve best value, in either purchases or contracts.
- (b) Choice of suppliers may not be impartial and fair, leading to an increased risk of fraud.
- (c) Funds are wasted on unnecessary purchases.
- (d) There is inadequate budget provision.

| Main Controls | Is the control in place? | How the school meets the control |
|---|--------------------------|---|
| 1. The FPP sets out how the school intends to achieve value for money. | Yes | FPP page 4-6. Due regard is given to any purchases made. Payment of £500, at least 3 quotations. Large expenditure reviewed at RC & FGB |
| 2. DC contract prices are taken into account when deciding which price or offer represents best value for the school. | Yes | DC and suppliers quotations obtained and reviewed, in accordance with the RC-TOR. |
| 3. Full costs are considered when determining the cost of a purchase and comparing quotes / tenders. (delivery, installation, maintenance/ongoing support (up to 4 yrs). Any repeat purchases that will be required in the next year to support the purchase) | Yes | Order forms to include p&p and other costs. Benchmarking review undertaken and contracts/top suppliers reports emailed to RC 5/3/21 |
| 4. Leasing arrangements are entered into only after seeking advice from Procurement Contracts Management. | Yes | Agreed at Finance meetings, minuted this applies to photocopiers/DWP/PHS & Servicing of PE/outdoor equipment, catering food suppliers, Utilities. |
| 5. All purchases (other than utilities) require an official pre-numbered order, including verbal/on-line/emergency purchases. | Yes | All purchases are allocated pre-number orders by SSM |

| | | |
|---|-----|--|
| 6. If contractors are external to DC, there are monitoring arrangements in place to ensure domestic service contracts are delivered in accordance with the contract specification. | Yes | VA School so Diocese undertakes monitoring via surveyor. Resources Gobs to review completed work, ie fencing. Also to monitor grounds against contract specification – emailed 22/3/21 |
| 7. The school complies with the Standing Orders on Contracts in the Dorset Scheme of Financial Management and DC Contract Procedure Rules (http://staffnet/index.jsp?articleid=235364) | Yes | Only DC Contract Procedures – emailed to RC 22/3/21. |
| 8. Governors are informed of the schools top suppliers (and <u>cumulative</u> expenditure with them for the last 3 years) annually and review their appropriateness. | Yes | Top Suppliers reports (5) emailed to RC on 5/3/2021. |

Based on the responses to the above what is the:

| | |
|---------------------------------|------------------|
| Likelihood / Impact of the risk | H / M / L |
| Action required | Y / N |

To be completed by Governor:

I, _____ have read and understood Purchasing Arrangements section (iv) of the Financial Risk & Control Checklist. I have no concerns or follow up action.

_____ (signed) _____ (print)

V. Payment of Invoices

Potential Risks:

- (a) Payments are made for goods/services, which have not been received/ordered.
- (b) Payments can be made for the wrong amount, or duplicated.
- (c) Late payment of invoices results in the school being charged interest.

| Main Controls | Is the control in place? | How the school meets the control |
|--|--------------------------|---|
| 1. The invoice is checked for accuracy against the order prices and it is certified that the goods have been received. | Yes | Invoices are checked against delivery note. Invoice certification stamp completed emailed to RC 22/3/21 |
| 2. An authorised person signs to approve payment of invoices. | Yes | SSM creates invoice batches & HT approves before cheque issued or exporting to DC |
| 3. Copy orders are marked with the date the invoice was paid to prevent duplicate payments. | No | Invoice allocated to authorised order only, plus invoice numbers can only be used once |
| 4. Equipment purchases with a value in excess of £50 are recorded in the inventory. | Yes | Presented to RC on 25/2/21 |

Based on the responses to the above what is the:

| | |
|---------------------------------|------------------|
| Likelihood / Impact of the risk | H / M / L |
| Action required | Y / N *3 |

To be completed by Governor:

I, _____ have read and understood Payment of Invoices (v) of the Financial Risk & Control Checklist. I have no concerns or follow up action.

_____ (signed) _____ (print)

VI. Delegated budget cheque account and petty cash

Potential Risks:

- (a) Cheques or cash are not secure.
- (b) Duplicate payments are made through creditor or payroll systems.
- (c) Payroll or expense claims are not subject to tax / National Insurance laws.

| Main Controls | Is the control in place? | How the school meets the control |
|---|--------------------------|---|
| 1. Cheques are held securely and not pre-signed. | Yes | Kept in school safe, unsigned. |
| 2. The bank account is reconciled monthly with the schools financial system and verified by the Headteacher. | Yes | Forms part of monthly finance procedures. Reconciliation to HT for review monthly. |
| 3. All expenditure and income being processed through the local bank account are accurately reported to the Authority in a timely manner and in an approved format. | Yes | Part of monthly reconciliation – VAT Return & Bank Account reconciliation. |
| 4. No payroll or expense claims are paid by cheque. | Yes | All paid through Payroll |
| 5. Any petty cash is kept to a minimum, held in a secure place and restricted to authorised members of staff. | Yes | Yes £100, kept in lockable metal cabinet. Key kept in key safe accessible only by HT/SSM/SS |
| 6. There is a petty cash limit that has been approved by governors. | Yes | Float £100, individual claim £20, recorded in FPP |
| 7. All expenditure is supported by appropriate receipts, has been pre authorised and staff sign for any reimbursement. | Yes | No receipt, no reimbursement |

Based on the responses to the above what is the:

| | |
|---------------------------------|------------------|
| Likelihood / Impact of the risk | H / M / L |
| Action required | Y / N |

To be completed by Governor:

I, _____ have read and understood Delegated budget cheque account and petty cash section (vi) of the Financial Risk & Control Checklist. I have no concerns or follow up action.

_____ (signed) _____ (print)

VII. School Assets – Inventory

Potential Risks:

- (a) No independent record of assets held can lead to loss from theft, permanent loan or a failed insurance claim.
- (b) Electrical items are not included in health and safety checks.
- (c) The delegated budget is not credited with income from a sale.
- (d) Assets are unavailable when required in school.

| Main Controls | Is the control in place? | How the school meets the control |
|--|--------------------------|---|
| 1. Appropriate equipment purchases in excess of £50 are recorded in the Inventory and the entry includes the serial number of the item. | Yes | Inventory list checked against existing inventory. All new items recorded, asset stamped and recorded on inventory listing. Annually in February SS undertakes an inventory check |
| 2. Attractive and portable assets, e.g., computer and electrical equipment are security marked (both visibly and invisibly). | Yes | Marked with Select @DNA and asset labels |
| 3. The schools procedures require that disposal or sales of assets are approved by the GB and are in accordance with the schools Financial and Administrative Regulations. | Yes | Forms part FPP, page 11. Financial and Administrative Regulations have been incorporated into the Scheme of Financing Schools. |
| 4. A record is retained of the annual check of the inventory signed by the members of staff involved and reported annually to the GB | Yes | Add a box for checkers signature. Reported RC– 25/2/2021 |
| 5. Any items written out of the inventory record are authorised by the Headteacher and reported annually to the GB | Yes | Forms part of FPP, page 11. |
| 6. There are procedures in school for recording any items taken on loan by members of staff. | Yes | Removal of Asset form for laptops complete by relevant staff i.e. laptops teachers – emailed to RC 22/3/21 |

Based on the responses to the above what is the:

| | |
|---------------------------------|------------------|
| Likelihood / Impact of the risk | H / M / L |
| Action required | Y / N |

To be completed by Governor:

I, _____ have read and understood School Assets – Inventory section (vii) of the Financial Risk & Control Checklist. I would like discuss further.

_____ (signed) _____ (print)

VIII. Income

Potential Risks:

- (a) Income sources are not maximised.
- (b) Income due is not collected.
- (c) Monies collected are not accounted for or banked in full.
- (d) Cash is vulnerable to loss / theft.
- (e) Funds from different sources are mixed up and not accounted for correctly.

| Main Controls | Is the control in place? | How the school meets the control |
|---|--------------------------|---|
| 1. The school has an income charging policy. | Yes | Forms part of FPP – Page 10, Lettings Policy reviewed annually, Hot School Meals fees and charging policy's reviewed bi-annually. |
| 2. Charges are reviewed annually by the Governing Body to ensure they remain appropriate. | Yes | When reviewing the FPP – Lettings fees annually 25/2/2021 Hot School Meals bi-annually to be reviewed 20/9/21 & Lettings fees to be reviewed 20/9/2021. |
| 3. Financial procedures clearly determine the roles of individual members of staff, providing adequate level of internal check for all sources of income. | Yes | Clear separation of duties |
| 4. Accounting records are updated regularly and reconciled to the monies in hand. | Yes | Income banked as regularly as possible, no banks in Lyme/Axminster. Parents are encouraged to pay via BACS |
| 5. Monies are held in a safe are kept to a minimum. | Yes | As 4. Encouraging Parents to pay via BACS |
| 6. Banking is frequent but not less than weekly. | No | No local banks. Parents pay via BACS |
| 7. An invoice is raised for all debts arising. Non-payment of debt is pursued in accordance with the schools bad debt policy. | Yes | Invoices raised for all debt. Bad debt procedure FPP page 12. |

Based on the responses to the above what is the:

| | |
|---------------------------------|------------------|
| Likelihood / Impact of the risk | H / M / L |
| Action required | Y/ N *6 |

To be completed by Governor:

I, _____ have read and understood Income section (viii) of the Financial Risk & Control Checklist. I have no concerns or follow up action.

_____ (signed) _____ (print)

IX. School canteen / meal income

Potential Risks:

- (a) Monies collected are not accounted for and banked in full.
- (b) Pupils with no entitlement take free school meals.
- (c) Income is less than expenditure, causing an unbudgeted loss.

| Main Controls | Is the control in place? | How the school meets the control |
|---|--------------------------|---|
| 1. The accuracy of monies collected by catering staff is checked to till rolls. | N/A | Bulk of income via BACS, small one off payment rung through office till. |
| 2. Independent checks are in place to ensure amounts taken at the cash tills are banked promptly and in full. | Yes | No separate catering till, any income banked by the end of each month. Bank statement show payment of meals and can be reviewed. Cash payments marked on relevant sheets. |
| 3. Income and expenditure are recorded in a trading account to show any profit or loss. | Yes | Income & expenditure account emailed to RC Govs 25/2/21 |
| 4. The number of meals served, income and expenditure are monitored by the Resources Committee. | Yes | Limited meals due to C19 20/21 |

Based on the responses to the above what is the:

| | |
|---------------------------------|------------------|
| Likelihood / Impact of the risk | H / M / L |
| Action required | Y / N |

To be completed by Governor:

I, _____ have read and understood School canteen/meal income section (ix) of the Financial Risk & Control Checklist. I have no concerns or follow up action/s **OR** I would like discuss further (please delete).

_____ (signed) _____ (print)

X. Voluntary Funds

Potential Risks:

- (a) Levels of accountability are not of the same standard as for the delegated budget, increasing the risk of loss or error.
- (b) Delegated budget income is credited to the School Fund.
- (c) School trips make a loss.

| Main Controls | Is the control in place? | How the school meets the control |
|---|--------------------------|--|
| 1. The purpose of voluntary funds is documented and approved annually by the governing body. | Yes | FPP – page 7-8 & 11 |
| 2. Invoices and receipts are retained to support all entries in the cashbook and cheque numbers are cross-referenced to paid invoices. | Yes | Voluntary Fund file kept, very small amount of entries annually. |
| 3. Individual records are maintained for each school trip to either ensure there is sufficient money to cover costs or obtain approval for the level of any subsidy required. | N/A | School trips paid via LA account not Voluntary Funds. |
| 4. Monies are banked regularly and there is an independent check of the reconciliation of the monthly bank statement to the cashbook. | Yes | Undertaken by SSM as required. Annually independently audited, report to RC 19/11/20 |
| 5. Cheques for the bank account are held securely, the bank mandate requires two cheque signatures. No one signs blank cheques | Yes | HSBC cheque book held in School safe. Page 5 & 11 of FPP. |
| 6. Year-end accounts show income, expenditure and balance sheet, are produced and independently audited and presented to the GB for acceptance. | Yes | Independent Auditor – Tim Bacon audited 26/10/20 |

Based on the responses to the above what is the:

| | |
|---------------------------------|------------------|
| Likelihood / Impact of the risk | H / M / L |
| Action required | Y / N |

To be completed by Governor:

I, _____ have read and understood Voluntary Funds section (x) of the Financial Risk & Control Checklist. I have no concerns or follow up action.

_____ (signed) _____ (print)

XI. Data Security

Potential Risks:

- (a) Data is accessed by unauthorised staff / persons.
- (b) There is no virus protection, leading to file corruption.
- (c) Inadequate back up leads to loss of data.
- (d) Use of unlicensed software, leading to a fine.

| Main Controls | Is the control in place? | How the school meets the control |
|--|--------------------------|--|
| 1. The school has ICT policies that cover <ul style="list-style-type: none"> – data protection – threat protection – acceptable use of the internet – computer password security (note SWGfL has free templates if required) | In Part | All in place and staff have signed to state that they have read & understood the policies. New staff to be advised. E Safety policy to ratified FBG 26/4/21 |
| 2. Access to the computer and the data contained within it is limited to designated personnel using passwords. | Yes | DC prompts regular password change. |
| 3. The school holds up-to-date certificates in accordance with the latest data protection act. | Yes | In line with DC. DP & FOI documents and GDPR. |
| 4. Daily system back-ups are taken to allow rebuilding of systems. | Yes | Remote Back up of Whole Server taken by DC IT |
| 5. Back up is held off-site to safeguard against loss through fire | Yes | Back up stored in DC Data centre at County Hall & replicated to Hampshire CC for Disaster Recovery. Back-ups held for 30 days |
| 6. Back up procedures are documented to ensure back up can be maintained when key staff are not available. | Yes | Same as Corporate Services, multiple staff members skilled to undertake restores required. We purchase DC IT SLA |
| 7. Back up is documented and tested (at least termly) to ensure that it is usable if required. | Yes | As no. 6 |
| 8. All school staff are aware of and compliant with schools computer security standards. | Yes | As no. 1 |
| 9. Licenses are held for all software applications. | Yes | Whole School server installed in August 2016. All software installed directly on to the server by DC IT, no need for school to keep discs etc, so destroyed. |
| 10. The school has an IT acceptable use policy for both staff and pupils which they update or are reminded of annually. | Yes | All in place, staff & pupils have signed to state read policies, part of E Safety. |

Based on the responses to the above what is the:

| | |
|---------------------------------|-----------|
| Likelihood / Impact of the risk | H / M / L |
| Action required | Y / N |

To be completed by Governor:

I, _____ have read and understood Data Security section (xi) of the Financial Risk & Control Checklist. I would like discuss further .

_____ (signed) _____ (print)

XII. Insurance

Potential Risks:

(a) There is a shortfall in effective insurance cover.

(b) Opting out of absence insurance leads to an unbudgeted loss.

| Main Controls | Is the control in place? | How the school meets the control |
|---|--------------------------|---|
| 1. Where the school does not take up the LA insurance arrangements, there is an annual review of the risks to be covered. The level of cover is at least equivalent to that provided by the LA scheme and includes for the School Voluntary Fund. | Yes | School purchases the DC Core Insurance SLA package. |
| 2. Where the school is not covered for long term sickness by the LA Absence scheme, an annual review is undertaken to assess whether the alternative cover remains cost effective. | Yes | Covered by Education Broker until 24/5/21, but only Teachers covered. |

Based on the responses to the above what is the:

| | |
|---------------------------------|-----------|
| Likelihood / Impact of the risk | H / M / L |
| Action required | Y / N |

To be completed by Governor:

I, _____ have read and understood Insurance section (xii) of the Financial Risk & Control Checklist. I have no concerns or follow up action.

_____ (signed) _____ (print)