

# Grimpsargh St Michael's C of E Primary School



## Potential Risks and Key Controls Checklist

Let your light shine before people so that they may see your good works and glorify your Father in heaven (Matthew 5: v.16)

Inspiring, believing and achieving in our loving Christian community

### **INTRODUCTION / PURPOSE**

- ◆ The Schools Financial Value Standard (question 25) requires schools to ensure there are adequate arrangements in place to guard against fraud and theft. [Schools financial value standard \(SFVS\) and assurance statement - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- ◆ Whilst there is no guarantee that all areas can be covered it would be reasonable for schools to make provision to include the following as a minimum.
  - financial management systems
  - income received
  - payroll
  - purchasing
  - the banking system
  - petty cash holdings and payments
  - taxation system
  - voluntary funds
  - the school's assets
- ◆ Evidence of appropriate systems of control may be provided by an audit report but if no audit has been undertaken during the financial year the school should consider undertaking a self-evaluation of the controls relating to the areas identified above.
- ◆ In completing this process governors should also be satisfied that appropriate financial controls are in place to minimise these risks. Any control weaknesses should be included in the SFVS action plan along with any planned corrective action.
- ◆ The purpose of this document is to assist schools in undertaking a risk assessment and any related self-evaluation of internal controls.
- ◆ For each of the nine areas identified, it highlights potential risks and key controls which should be in place to minimise those risks.

- ◆ It also enables schools to indicate whether a control is in place and provides an option to identify how the school meets that control. This information also may be useful in compiling a finance manual.

**FINANCIAL MANAGEMENT SYSTEMS**

**Potential Risks**

- ◆ The school's financial management system (e.g. SIMS FMS) does not provide accurate financial information for budget monitoring purposes resulting in spending decisions being taken based on incorrect information.
- ◆ The Authority's central accounting system includes transactions which do not relate to the school resulting in the incorrect recording of income/expenditure for the school.
- ◆ Unauthorised access to FMS system leading to fraud or falsification of records.

Key Controls	Is the control in place?	How the school meets the control
◆ The school budget approved by the Governing Body is entered promptly on to FMS and fixed to provide an audit trail of any changes.	Yes	<i>Resources Govs 09.05.2022</i>
◆ All changes to the budget including budget virements are recorded in FMS as soon as they are approved.	Yes	<i>State who is responsible for updating SIMS for budget changes.: Lindsay Garner/ Emma Dewhurst</i>
◆ The total resources available on SIMS should reflect the balance brought forward from the previous year's outturn statement.	Yes	
◆ All expenditure (including commitments) and income is entered onto SIMS promptly to enable the accurate day to day monitoring of expenditure.	Yes	
◆ Cost centres have been established to enable effective monitoring by all internal school budget holders for departmental spending.	Yes	
◆ All expenditure and income on FMS is reconciled to the central accounting system on a monthly basis and any discrepancies investigated.	Yes	<i>State who is responsible for reconciliations: finance officer</i>
◆ ICT security framework adopted and 'acceptable use policies' are in place in respect of internet and emailing facilities.	Yes	
◆ All ICT users have separate user IDs and passwords which are updated regularly.	Yes	
◆ 'Access Manager' user established on FMS system to add/delete users and amend access rights. The Access Manager password must be	Ye	<i>State who has 'Access Manager' status: Accman – password kept in safe.</i>

<b>Key Controls</b>	<b>Is the control in place?</b>	<b>How the school meets the control</b>
held securely in school.  ◆ Access rights are established on FMS to ensure appropriate separation of duties in relation to income and expenditure.  ◆ Back-ups of system are taken regularly, and a copy stored off site.	Yes    Yes	

INCOME

**Potential Risks**

- ◆ Failure to maximise potential sources of school income.
- ◆ Failure to collect, bank and account for all income due to the school.
- ◆ Cash/Cheques are not held securely and are vulnerable to loss or theft.

Key Controls	Is the control in place?	How the school meets the control
◆ The Governing Body has a charging policy which is reviewed annually.	Yes	State date last reviewed.21.02.2024
◆ All income due is recorded promptly.	Yes	
◆ The responsibility for identifying income due to the school is separate to the responsibility for collecting and banking income.	Yes	Identify responsibilities for identifying income, raising bills and collecting(Lindsay Garner & Emma Dewhurst) and banking income.(Elspeth Towers)
◆ Bills are raised promptly for income due and reminders sent in accordance with the debt recovery policy.	Yes	
◆ Official, pre-numbered receipts are issued, or other formal documentation maintained for all income collected (e.g. use of non-invoice income route in FMS).	Yes	
◆ Any cash/cheques held at school are stored securely.	Yes	
◆ Income collected is paid into the appropriate bank account promptly in full with cash paying in slips showing clearly the split between cash and cheques and a record of cheque payees.	Yes	
◆ Income collections are not used for the encashment of personal cheques or for making payments.	Yes	
◆ The school has a policy for recovery of debts including responsibility for any write-off of debt.	Yes	
◆ Any machine which takes money e.g. vending machines, public telephone boxes are emptied, and the cash counted by two persons and a record signed to that effect.	NA	

Key Controls	Is the control in place?	How the school meets the control
◆ The school has a lettings policy which is reviewed on a regular basis.	Yes	<i>State date last</i> <i>reviewed.21.02.2024</i>
◆ Formal lettings application forms and indemnity agreements are required from hirers together with copies of their public liability insurance where appropriate.	Yes	

## PAYROLL

### Potential Risks

- ◆ Salary payments are made to persons not employed by the school.
- ◆ School staff are paid at an incorrect rate.
- ◆ Payments are paid for time which has not been worked.
- ◆ Staff are paid after termination of employment at the school.
- ◆ Unauthorised changes are made to contracts of employment.

Key Controls	Is the control in place?	How the school meets the control
<ul style="list-style-type: none"> <li>◆ A pay policy has been approved by the Governing Body and is reviewed annually.</li> </ul>	Yes	
<ul style="list-style-type: none"> <li>◆ Responsibility has been identified for all aspects of payroll administration including appointments, terminations, changes in rate of pay and the authorisation of timesheets and overtime claims.</li> </ul>	Yes/No	<p><i>State who can authorise the following:-</i></p> <p><b>Appointments: L Garner/ E Dewhurst</b></p> <p><b>Terminations: L Garner/ E Dewhurst</b></p> <p><b>Changes in rates of pay Time: L Garner/ E Dewhurst sheets</b></p> <p><b>Overtime payments: L Garner/ E Dewhurst</b></p>
<ul style="list-style-type: none"> <li>◆ Responsibility for authorising appointments, terminations, changes in rates of pay, timesheets and overtime claims is independent from the processing and payment of payroll (where payroll is processed by LA or other provider, the names and specified signatures of authorising officers have been supplied).</li> </ul>	Yes	
<ul style="list-style-type: none"> <li>◆ All payroll and associated records are maintained confidentially with access limited to authorised individuals.</li> </ul>	Yes	<p><b>State who has access to payroll records: Lindsay Garner, Emma Dewhurst &amp; Stuart Booth.</b></p>
<ul style="list-style-type: none"> <li>◆ All payroll transactions on the accounting system are checked to ensure all staff are chargeable to the school and are being paid at the correct rate.</li> </ul>	Yes	<p><b>State who is responsible for checking payroll transactions on accounting system: Lindsay Garner, Emma</b></p>

Key Controls	Is the control in place?	How the school meets the control
<ul style="list-style-type: none"> <li>◆ <b>For schools undertaking their own payroll administration</b> - All appropriate deductions from salary are made for income tax, national insurance contributions, superannuation contributions, unions subscriptions and any other agreed payments</li> </ul>	NA	<i>Dewhurst.</i>
<ul style="list-style-type: none"> <li>◆ <b>For schools undertaking their own payroll administration</b> - All salary payments are made on the due date</li> <li>◆ Appropriate records are maintained of any overtime worked and claim forms verified to these records prior to authorisation.</li> <li>◆ Consideration has been given to appropriate supply teacher insurance cover to mitigate the effects of high levels of sickness of teaching staff.</li> </ul>	<p>NA</p> <p>NA</p> <p>NA</p>	<i>State arrangements.</i>



## PURCHASING ARRANGEMENTS

### Potential Risks

- ◆ Best Value is not achieved resulting in failure to maximise pupil outcomes.
- ◆ Suppliers are not chosen impartially and/or based on fair competition.
- ◆ Loss through fraud or waste.
- ◆ Lack of control and scrutiny over purchasing leading to overspending of budget allocations.

Key Controls	Is the control in place?	How the school meets the control
<ul style="list-style-type: none"> <li>◆ At least three written quotations are obtained for all purchases or contracts where required in accordance with approved Internal Financial Regulations (Standing Orders).</li> <li>◆ Formal tenders are invited for all purchases or contracts where required with formal advertisement in accordance with Standing Orders.</li> <li>◆ All written quotations/formal tenders are retained as evidence for audit purposes.</li> <li>◆ Governing Body approval is sought where it is impracticable to seek tenders or quotations and the reasons are recorded in the minutes of the meeting.</li> <li>◆ Where a tender other than lowest is accepted, the Governing Body approve the decision and the reasons are recorded in the minutes of the meeting.</li> <li>◆ Prior approval from the Governing Body is obtained for all expenditure above the limit specified in the school's internal financial regulations.</li> <li>◆ Official, pre-numbered orders are used for all goods and services except utilities, rents, rates and petty cash payments.</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p><i>We use Cassidy &amp; Ashton for any large building projects</i></p>
<ul style="list-style-type: none"> <li>◆ Telephone orders are kept to a minimum and when they are necessary a confirmation order is raised immediately.</li> <li>◆ All orders are certified by a member of staff approved by the Governing Body as an authorised signatory.</li> </ul>	<p>Yes</p> <p>Y</p>	<p><i>State authorised signatories for orders.: Stuart Booth</i></p>

Key Controls	Is the control in place?	How the school meets the control
<ul style="list-style-type: none"> <li>◆ The estimated cost of all orders is shown as a commitment against the appropriate budget allocation to ensure that budget monitoring accurately reflects all commitments.</li> </ul>	Yes	
<ul style="list-style-type: none"> <li>◆ All goods and services are checked on receipt to ensure that they match the order and the order is marked accordingly.</li> </ul>	Yes	
<ul style="list-style-type: none"> <li>◆ All invoices are certified for payment by a member of staff approved by the Governing Body.</li> </ul>	Yes	<p><i>State authorised signatories for certification of invoices: Lindsay Garner, Emma Dewhurst</i></p>
<ul style="list-style-type: none"> <li>◆ Orders and invoices are certified by different members of staff with normally the more senior person certifying the order.</li> </ul>	Yes	
<ul style="list-style-type: none"> <li>◆ Appropriate contingency arrangements are in place to ensure that purchasing arrangements are secure and can still operate in the unforeseen absence of key staff.</li> </ul>	Yes	

## SCHOOL BANK ACCOUNTS

### Potential Risks

- ◆ Lack of separation of duties and reconciliation/checking leading to loss/misappropriation of funds.
- ◆ Poor cash flow management resulting in account becoming overdrawn.

Key Controls	Is the control in place?	How the school meets the control
◆ Bank account is with major bank/ building society approved by Authority.	NA	<i>State bank/building society.</i>
◆ A record is maintained of cheques held.	NA	<i>State who maintains record.</i>
◆ Cheques are held securely in a safe or cabinet when not in use.	NA	<i>State where cheques held and who has access.</i>
◆ Regular checks are undertaken to ensure that actual stock of cheques is in line with recorded stock and to ensure that next cheque to be used agrees with that recorded in stock record and FMS.	NA	
◆ Authorised signatories do not have access to blank cheques nor prepare cheques for signature.	NA	<i>State who prepares cheques for signature.</i>
◆ BACS/cheques are signed by two authorised signatories after examining supporting documentation.	NA	
◆ There are at least three and at most five authorised signatories.	NA	<i>Name authorised signatories.</i>
◆ Invoices are marked as PAID and cross-referenced to the copy order, and the BACS reference/cheque number and date recorded.	NA	
◆ A separate record of wasted and spoiled cheques is maintained and wasted or spoiled cheques are marked 'cancelled' and retained for audit inspection.	NA	<i>State who maintains record of wasted/spoiled cheques.</i>
◆ Payments are made to suppliers within their due date [ <a href="http://www.gov.uk">Late commercial payments: charging interest and debt recovery - GOV.UK (www.gov.uk)</a> ].	NA	
◆ All payments from the bank account and all income received is recorded in FMS.	NA	<i>State who maintains records on SIMS (or other system).</i>

Key Controls	Is the control in place?	How the school meets the control
<ul style="list-style-type: none"> <li>◆ Duties of authorising orders, certifying invoices, and signing cheques/authorising BACS are performed by separate members of staff.</li> </ul>	NA	<p><i>State who is authorised to sign orders/certify invoices.</i></p>
<ul style="list-style-type: none"> <li>◆ FMS is reconciled to the bank statement monthly and this cash and bank reconciliation is certified by a senior member of staff.</li> </ul>	NA	<p><i>State who reconciles bank account and who certifies reconciliation has been undertaken correctly.</i></p>
<ul style="list-style-type: none"> <li>◆ Monthly returns should be submitted to the Authority including:                             <ul style="list-style-type: none"> <li>- Journal audit trail</li> <li>- Trial balance</li> <li>- Unreconciled items</li> </ul> </li> </ul>	NA	<p>[Redacted]</p>
<ul style="list-style-type: none"> <li>◆ A Treasury Management Policy has been approved by Governing Body (if applicable).</li> </ul>	NA	

## IMPREST ACCOUNT (PETTY CASH)

### Potential Risks

- ◆ Inadequate recording of petty cash payments including imprest debit card transactions and lack of supporting documentation leading to loss and discrepancies with actual cash held.
- ◆ Lack of security in relation to cash/cheques leading to loss through theft.
- ◆ Petty cash used to bypass normal payments procedures and controls.

Key Controls	Is the control in place?	How the school meets the control
◆ Petty cash is only used to fund small purchases which are urgent or where an order is not warranted.	Yes	
◆ Any petty cash float is kept to a minimum level.	Yes	<i>State current level of petty cash float.: Apprx £20</i>
◆ Debit card/chequebooks are held securely and two authorised signatories are required.	Yes	<i>State authorised signatories.-cheques: Lindsay Garner, Stuart Booth, Lucy Cross, Hanah Coupe, Emma Dewhurst, Sharon Wane</i>
◆ Expenditure is normally authorised before it is incurred.	Yes	
◆ All expenditure is supported by appropriate receipts.	Yes	
◆ The imprest bank account is reconciled monthly in conjunction with submission of the reimbursement claim and signed by an authorised officer not involved in the day to day operation of the imprest account.	Yes	

## TAXATION

### Potential Risks

- ◆ VAT is not accounted for correctly potentially resulting in underclaiming of reimbursement or incurring tax penalties from Revenue and Customs from failure to account for VAT.
- ◆ Failure to account for tax under Construction Industry Scheme in relation to construction work carried out by sub-contractors (**bank account schools only**) leading to penalties from Revenue and Customs.
- ◆ Incorrect application of PAYE regulations leading to over/under deduction requiring correction (**schools operating own payroll system**).

Key Controls	Is the control in place?	How the school meets the control
◆ Only legitimate VAT invoices (showing VAT registration number) are paid for VATable goods and services.	Yes	
◆ VAT invoices are raised for all VATable income due to the school with VAT clearly identified.	Yes	
◆ All VAT on income and expenditure is correctly coded in the accounting system.	Yes	
◆ All CIS returns are correctly completed and submitted to Revenue and Customs ( <b>applies to bank account schools only</b> ). <a href="http://www.gov.uk">Sign in to the Construction Industry Scheme (CIS) online service - GOV.UK (www.gov.uk)</a>	NA	<i>State who is responsible for completion of CIS returns.</i>
◆ Income tax is properly deducted from all sub-contractors with no tax exemption certificate and paid over to Revenue and Customs ( <b>applies to bank account schools only</b> ).	NA	<i>State who is responsible for income tax deductions.</i>
◆ Employees' and employers' PAYE and pension contributions are properly deducted and paid over to the relevant bodies for all employees ( <b>for schools operating own payroll system</b> ).	NA	

## UNOFFICIAL SCHOOL FUNDS

### Potential Risks

- ◆ Levels of accountability and stewardship are not as high a standard as for the delegated budget.
- ◆ There is mixing of unofficial and official funds.
- ◆ There is a lack of separation of duties in relation to unofficial funds leading to potential loss.

Key Controls	Is the control in place?	How the school meets the control
◆ The school has appointed a treasurer and an auditor who is not involved in the administration of the funds.	Yes	<i>State names of treasurer(Martin Garry) and auditor.(McDade Roberts)</i>
◆ A bank, building society or National Giro account has been opened in the name of the unofficial fund.	Yes	<i>State name of account and bank, building society. Lloyds Bank</i>
◆ Cheques are signed by at least two members of staff.	Yes	<i>List authorised signatories.: Lindsay Garner, Helen Smith, Lucy Cross</i>
◆ An appropriate record is maintained identifying receipts and payments under main sources of income and expenditure.	Yes	
◆ All income is supported by receipts or other record of collections.	Yes	
◆ Bankings are undertaken regularly, and cash is banked in full (ie not used to fund cash payments).	Yes	
◆ The bank account is reconciled monthly to records and copies of reconciliation retained.	Yes	
◆ All payments are supported by either an invoice or a voucher.	Yes	
◆ An income and expenditure account together with balance sheet is drawn up by the treasurer at year end.	Yes	<i>State year of latest set of accounts and when presented to Governing Body Approved by email from governors Dec 23</i>

Key Controls	Is the control in place?	How the school meets the control
♦ Unofficial funds are registered for VAT if above VAT registration limits <a href="#">VAT registration thresholds - GOV.UK (www.gov.uk)</a> .	NA	
♦ Official and unofficial funds are kept separately.	Yes	



## SCHOOL ASSETS – INVENTORY

### Potential Risks

- ◆ No record or independent check of assets held within the school leading to increased risk of loss from theft, permanent loan, or failure to include in an insurance claim.
- ◆ Lack of identification detail / security marking reducing chance of recovery if stolen.
- ◆ Failure to credit income from sale of assets to school budget.
- ◆ Lack of control over stocks of materials resulting in loss through theft or waste.

Key Controls	Is the control in place?	How the school meets the control
◆ A permanent stock record is maintained within school.	Yes	<i>State how record is maintained.: Asset Tiger account</i>
◆ The stock record is updated regularly for all new items and disposals by nominated person(s).	Yes	<i>State who is responsible for updating inventory.: Elspeth Towers/ Les Ramsden (IT)</i>
◆ Items are clearly identified in stock record with make, model, serial numbers.	Yes	
◆ Items are security marked where appropriate.	Yes	
◆ Regular stock checks are undertaken (at least annually) by a person not responsible for the custody of the asset. The person undertaking the stock check signs to record check has been carried out.	Yes	<i>State when stock check undertaken and by whom.: Annually (March) Elspeth Towers</i>
◆ Any significant discrepancies between actual and recorded stock are reported to governors.	Yes	
◆ A record is maintained of equipment on loan to staff or pupils.	Yes	<i>State who is responsible for maintaining record of loans.: Lindsay Garner/ Emma Dewhurst</i>
◆ There is a clear policy for the disposal of assets including the authority to declare items to be obsolete, surplus, or damaged beyond repair and their means of disposal.	Yes	
◆ Any income for the sale of assets is receipted to the school budget.	Yes	

Signed: **Mrs Lindsay Garner / Miss Emma Dewhurst**

Date: **January 2024**

Review Date: **January 2025**

Agreed by the Resources Committee: 21.02.2024