



CENTRAL BEDFORDSHIRE COUNCIL

SCHOOL'S RECORD OF SELF ASSESSMENT OF KEY FINANCIAL CONTROLS

1) REPORTING AND EVIDENCE REVIEW

- The Responsible Officer should initial and date all documents, reconciliations and reports as evidence of review and record the date of the school visit in this log.
- If the Responsible Officer notes any errors or discrepancies these should be brought to the attention of the finance staff and/ or the Headteacher. If the errors are significant the Responsible Officer should consider reporting them to the Governing Body and Central Bedfordshire Council's Head of Internal Audit & Risk.

2) FREQUENCIES

In the following table the letters below are used to identify the recommended frequency of review for each of the areas identified:

A	=	ANNUALLY
T	=	QUARTERLY OR TERMLY
M	=	MONTHLY

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RISKS:-	<ul style="list-style-type: none"> • Unclear Responsibilities and Accountabilities • Mismanagement of Resources • Decisions made beyond personal authority 	<ul style="list-style-type: none"> • Loss of Confidence in Governors/ Senior Managers • Fraud and Corruption
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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		GOVERNANCE		
A-1.1	A	Terms of reference are documented and in operation for the Governing Body and its Committees.	Inspect the current terms of reference for the Governing Body and its Committees. Ensure relative roles, responsibilities and powers are set out and formally reconfirmed annually by the Governing Body.	
A-1.2	A	There is a clearly defined system of delegation of responsibilities throughout the school, which have been authorised by a minute or minutes of the Governing Body.	Inspect a copy of the school's Scheme of Delegation. Ensure that key items such as recruitment, budget management and purchasing are clear with restrictions on value etc set out. Ensure re-confirmation annually by the Governing Body.	
A-2.1	A	Minutes are properly produced for each meeting of the Governing Body and each of its committees.	Inspect a set of Agenda/Minutes of each of the Governing Body and Committees. Ensure that matter of a financial nature have been considered and unambiguously minuted.	
A-2.2	A	Actions required by the Governing Body are systematically carried out and recorded.	Test the school's arrangements for ensuring that Governing Body/Committee minuted actions are carried through by reviewing previous year's sample of Minutes.	
A-3.1	A	There is a register of pecuniary interests for Governors and staff.	Call for and inspect the Register of Business Interests to ensure it is up to date.	

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RISKS:-	<ul style="list-style-type: none"> • Mis-use of Resources • Unauthorised Transactions not Identified • Loss of Bank Interest 	<ul style="list-style-type: none"> • Unnecessary Bank Charges • Fraud • Incomplete Accounting Records
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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		BANK ACCOUNTS		
B-1.1	T	The Bank Reconciliation process is undertaken promptly at each month end being fully recorded and signed by the reconciler.	Inspect bank reconciliations and supporting documents to ensure they have been agreed to the cash book and bank statements. Ensure currency of the reconciliations and check a sample of the reconciling items for validity.	
B-1.2	T	Material items remaining unreconciled for two months or more have been reported to the Headteacher.	Test with the Headteacher for awareness of unreconciled items over two months (reconciliations) old.	
B-2.1	T	A cash flow system for forecasting bank account levels in the short and medium term is in place at the school.	Test by inspection that the school's system for forecasting bank account levels is up to date and operating effectively.	
B-3.1	A	Individuals who may sign cheques on the school bank account and approve Bankline transactions are listed on a mandate approved by the Governing Body and supplied to the school's bankers.	Obtain the school's copy bank mandate document last agreed by the Governing Body and confirm with the bank that the detail is as its version.	
B-3.2	A	Individuals named on the bank mandate are prevented from also maintaining the banking or cash book records at the school.	Inspect arrangements to ensure that such a breakdown in internal check has not occurred.	

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RISKS:-	<ul style="list-style-type: none"> • Overspending • Poor Resource Management 	<ul style="list-style-type: none"> • Poor Budgetary Control • Unauthorised Budget Amendments
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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		FINANCIAL MANAGEMENT & CONTROL		
C-1.1	A	There are formal budgeting procedures and timetables established by the Governing Body to ensure that all factors are considered.	Inspect a copy of the school's procedures and documented timetable, approved by the Governing body, to ensure proper consideration of spending priorities through the budget setting process.	
C-1.2	A	The Governing Body minutes its approval of the specific budget.	Inspect the Governing Body's minute agreeing its budget for the current year and ensure its clarity for monitoring purposes.	
C-2.1	Q	There is an accurate record of the budget on the school's accounting system.	Agree school's budget or budget revisions as approved by the Governing Body, to the individual budget allocations appearing in the school's accounting system.	
C-3.1	T	The Governing Body monitors budget amendments, authorises virements between the various areas of the budget and notifies the "Chief Finance Officer" as required.	Test by inspection that where virements have taken place since the original budget approval they have been recorded and approved in accordance with the school's written procedures.	
C-4.1	T	The Headteacher submits regular reports to the Governing Body on spending, including sums committed but not yet paid. This report includes written commentary by the Headteacher.	Inspect agenda papers covering budget reports and ensure sufficient frequency, clarity and completeness that allow the Governing Body to examine and discuss any issues arising.	
C-4.2	T	Individual budgets are the responsibility of staff who can directly control items of income and expenditure and who can obtain regular reports comparing amounts spent or committed against their budget.	Inspect the budget allocation details to ensure that each aspect of the budget is allocated against a budget manager's name and test that they are receiving timely and information relating to their responsibility.	

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RISKS:-	<ul style="list-style-type: none"> • Poor Systems Continuity on Staff Changes/ Sickness • Development of Adhoc Procedures 	<ul style="list-style-type: none"> • Loss of Controls • Continuing Control Weaknesses
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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		FINANCIAL PROCEDURES		
D-1.1	A	There are written descriptions of financial systems and procedures within a School Financial Manual that is kept up to date.	Inspect the school's Financial Procedures Manual and test that it is up to date reflecting current approved systems and practices.	
D-1.2	A	The Governing Body approves the School's Financial Manual and all amendments to it.	Ensure that amendments to the school's financial procedures have been approved and minuted by the Governing Body.	
D-2.1	T	A process is in place within the school to ensure proper and timely consideration and implementation of LA auditors' recommendations.	Review the school's progress with implementation of recommendations made through the LA's internal audit report or external auditor's management letter.	

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RISKS:-	<ul style="list-style-type: none"> • Undiscovered Theft of Income • Failure to Maximise Income 	<ul style="list-style-type: none"> • Bad Debts • Amounts not Collected • Lack of Accountability
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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		INCOME		
E-1.1	A	The Governing Body has established a charging policy and any associated scales of charge for each source of income reviewed it annually and minuted that policy.	Ensure that all scales of charges used by the school have been annually debated, agreed and minuted by the Governing Body.	
E-1.2	T	Pre-numbered official invoices are issued where there is a need for the school to recover a debt.	Test that the system of debt collection uses pre-numbered invoices by sampling income received in the accounting system to the invoice.	
E-1.3	T	The individual administering an income system shall not be responsible for the receipt of income.	Review arrangements to ensure that such a breakdown in internal check has not occurred.	
E-1.4	T	Official, pre-numbered receipts are issued or formal documentation maintained to support all income collected	Test that the system of collection uses pre-numbered official receipts by sampling income received in the accounting system to copy receipts.	
E-1.5	T	Transfers of money between two members of staff are evidenced by means of a signature.	Inspect examples of transfer of money between staff and ensure these are evidenced by signature.	
E-1.6	T	All cash is locked away to safeguard against loss of theft.	Test by inspection that the school's money is properly secured and security surrounding the schools safe is adequate.	
E-1.7	M	Income received is promptly banked.	Test that income is promptly banked by tracing a sample of income received to the bank paying-in-book.	
E-1.8	T	Any bad debts are reported to and minuted by the Governing Body for writing off.	Examine copy school invoices and/or the income budget for items written off. Trace these to the Governing Body minute of approval.	

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RISKS:-	<ul style="list-style-type: none"> • Undiscovered Loss or Theft of Property • Poor Resources Utilisation • Inappropriate Insurance Cover • Losses Unnecessarily met by School 	<ul style="list-style-type: none"> • Insurance Premium Increases • Poorer Chance of Recovery of Lost / Stolen Property • Late Reported Incidents Leading to Insurance Claim Rejection • Poor Risk Management
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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		ASSET MANAGEMENT		
F-1.1	T	All departments maintain official inventory records which are recorded in a central index.	Inspect a sample of the school's inventory and physically verify a sample of fixed assets.	
F-1.2	T	A system to control equipment etc on loan to staff and to pupils is in place and followed.	Inspect the record of equipment on loan or on 'home use' and sample the background of outstanding items to confirm accuracy.	
F-1.3	T	Procedure for the write off, disposal or reporting losses of equipment are recorded distributed and followed.	Inspect a sample of the school's inventory and confirm through inspection that items deleted have been done so in accordance with the school's written procedure.	
F-1.4	T	An annual inventory and stock check against actual assets are undertaken and evidenced.	Inspect a sample of the school's inventory to ensure an annual stock take is completed.	
F-1.5	T	Portable, desirable and valuable equipment is properly secured and security marked.	Test by inspection that portable, desirable and valuable equipment is properly secured and security marked.	
F-2.1	A	The Governing Body is aware of the risks not covered by its insurance cover.	Ensure that an adequate and regular review of the school's insurance arrangements is undertaken and reported to the Governing Body on at least an annual basis.	
F-2.2	A	There is a documented annual review by the Governing Body to determine whether there is a need to change the range of insurance cover.	Ensure that an adequate and regular review of the school's insurance arrangements is undertaken and reported to the Governing Body on at least an annual basis.	
F-2.3	A	Procedures are in place to identify accidents; losses and other incidents that may give rise to an insurance claim notifiable to the insurers.	Through discussion with a sample of staff ensure that they are aware of the school's written procedures covering the school's reporting process for losses or damage.	

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RISKS:-	<ul style="list-style-type: none"> • Theft • Undiscovered Losses 	<ul style="list-style-type: none"> • Improper use of Resources • Inadequate Accountability
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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		SCHOOL FUND		
G-1.1	A	An auditor independent of the staff of the school and the Governing Body has been formally appointed to audit the school fund.	Ensure that details of the School Fund Audit arrangements are considered and formally approved annually by the Governing Body.	
G-1.2	A	An audited statement is presented annually to the Governing Body.	Examine the last audited statement for the School Fund and ensure it is appropriately current and formally received by the Governing Body.	
G-1.3	A	The LA is advised of the School Fund's Annual Audit.	Inspect evidence that the LA have been properly notified of the School Fund's audit.	
G-1.4	T	Funds are held separately from all LA official monies and accounts.	Test by examination of the School Fund paying-in-book that no 'official' money has been paid into the School Fund Account.	

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RISKS:-	<ul style="list-style-type: none"> • Incorrect Payments • Financial Penalties Incurred • Employment Law Broken 	<ul style="list-style-type: none"> • Payments not Reported in Main Accounting systems • Fictitious Employees and Other Fraud • Data Loss or Corruption
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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		PERSONNEL / PAYROLL		
H-1.1	M	Appointments, terminations or 'in service' pay adjustments are made in accordance with standard pay scales, procedures and Governing Body advice, and using official standard documentation.	Inspect the details of a sample of recent school appointments/terminations and any 'casual' staff payments to ensure LA/HMRC procedures have been followed.	
H-1.2	T	The administration of all documents and claims relating to appointments, terminations or in service pay adjustments is organised in such a way as to ensure that they are not the sole responsibility of one person.	Review monthly payroll prints and ensure entries have been posted to the accounting records and any changes have been appropriately authorised. Check a sample of individual payroll entries to school records to ensure payment details are correct.	
H-2.1	A	At least annually, a list of payroll standing data is reconciled to the school's personnel data/contracts.	Ensure by inspection that a list of payroll standing data, obtained from the Payroll provider, is reconciled to the school's personnel data.	

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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		PERSONNEL / PAYROLL		
H-3.1	A	A contact point between the school and statutory agencies is clearly documented.	Inspect the Job Description of the appropriate member of staff to ensure clear lines of accountability are in place.	
H-3.2	A	A proper training programme that ensures a continuing awareness of all statutory requirements associated with payroll matters is in place.	Examine the training programme of the member of staff charged with maintaining a proper payroll system.	
H-3.3	T	Unique payover accounts are in place to account for all deductions from employee's pay.	Examine the payroll to test that individual payover accounts exist.	
H-3.4	T	Payovers and returns in respect of payroll matters are certified as correct and made in accordance with statutory body deadlines.	Examine dates of returns and test to deadline requirements. Test that holding accounts have been cleared.	
H-3.5	A	All matters relating to the data protection responsibilities of the school in relation to payroll data are complied with and responsibility for this is clear.	Inspect Job Description of the appropriate member of staff. Review any recorded details of data releases.	
H-3.6	A	Secure facilities are used to ensure the safe storage of all payroll records for periods at least to the minimum defined by the statutory agencies.	Inspect storage facilities or undertaking from others regarding storage where this is appropriate.	
H-3.7	T	Run to run totals are maintained and used to monitor and agree changes in activity and value between pay runs.	Inspect payroll run to run balancing procedures and test that any differences have been properly accounted for.	
H-3.8	A	A signed contract is in place for the provision of Payroll and HR services.	Inspect the contracts for both Payroll Services and HR Services. Ensure that the contracts are current. Ensure that the arrangements are regularly reviewed and approved by Governors.	

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RISKS:-	<ul style="list-style-type: none"> • Loss, theft or Misuse of Data • Systems Failures • Loss of Audit Trails 	<ul style="list-style-type: none"> • Virus Planting • Corruption of Data • Non Compliance with Data Protection Act
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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		INFORMATION SYSTEMS		
I-1.1	A	The Governing Body approves on an annual basis the school's Data Security Policy.	Examine the school's Policy Document, as distributed to staff; confirm the Governing Body has agreed it within the last 12 months.	
I-1.2	A	A disaster recovery plan in relation to loss of accounting and other critical school data or systems is annually approved by the Governing Body and regularly tested.	Examine the school's Disaster Recovery Plan, as distributed to staff; confirm it has been agreed by the Governing body within the last 12 months.	
I-1.3	M	The school has a formal procedure to record, approve and review computer and network access arrangements.	Inspect the Security Arrangements of network access points, on a sample basis, and ensure they comply with documented school policy.	
I-1.4	T	Supplies Invoices, Receipts and similar 'primary' records are securely held at the school. Back up of the schools critical IT/IS data is regularly taken and stored in a fireproof location or offsite.	Confirm by inspection that suppliers' invoices are securely stored and that appropriate data backups exist.	

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RISKS:-	<ul style="list-style-type: none"> • Incorrect Creditor Payment • Fictitious Creditors 	<ul style="list-style-type: none"> • Goods Ordered/Invoices Authorised in Excess of Authorisation Powers • Poor Value • Unnecessary Liabilities Incurred
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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		PURCHASING		
J-1.1	M	The Governing Body has formulated, recorded and minuted a purchasing policy. The policy includes delegation of purchasing powers to the Headteacher and other staff to effect purchases, leases and contracts on behalf of the school and, ensures that value for money is being obtained.	Inspect a sample of orders/ payments to confirm the Governing Body's policy and Financial Procedures limits for signing orders, certifying invoices, arranging leases and contracts are being followed.	
J-1.2	M	The Governing Body has established an expenditure ceiling above which all quotations must be referred to it for review.	Inspect a sample of higher value payments to confirm the financial limits for obtaining quotations have been followed.	
J-2.1	T	Official orders are used and someone other than the person responsible for authorising the order provides verification and authorisation of payments.	Review arrangements to ensure that such a breakdown in internal check is not occurring.	
J-2.2	T	Access to the ordering element of the computer package or hand written order books are restricted to employees who do not authorise such orders.	Review arrangements to ensure that such a breakdown in internal check is not occurring	

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RISKS:-	<ul style="list-style-type: none"> • Lack of Accountability • Financial Penalties Incurred • Fraud 	<ul style="list-style-type: none"> • Poor Corporate Financial Management • Withdrawal of Delegation
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REF	FREQ	SYSTEMS AREA	TEST	COMMENTS / INITIALS AND DATE
		SCHOOLS BASED ACCOUNTING/ LOCAL PAYMENTS SCHEME		
K-1.1	T	Accounting and VAT Returns to the LA are completed accurately and despatched promptly.	Inspect any financial monitoring returns sent to the LA and test that the information is prepared on an accruals basis. Ensure by inspecting the reconciliation that the return is consistent and reconciled to the underlying accounting records and school financial management reports.	