

CENTRAL BEDFORDSHIRE COUNCIL



**SELF ASSESSMENT
OF INTERNAL FINANCIAL
CONTROLS**

**FULLY FUNDED BANK
ACCOUNT SCHOOLS**

2016/2017

Date: April 2016

CONTENTS

INTRODUCTION	2
CERTIFICATION	3
GOVERNANCE	4
BANK ACCOUNTS	5
FINANCIAL MANAGEMENT AND CONTROL	6
FINANCIAL PROCEDURES	7
INCOME	8
ASSET MANAGEMENT	9
SCHOOL FUND/VOLUNTARY FUNDS	11
PERSONNEL/ PAYROLL	12
INFORMATION SYSTEMS	13
PURCHASING	14
SCHOOLS BASED ACCOUNTING	15
PROPOSED ACTION PLAN	16

FULLY FUNDED BANK ACCOUNT SCHOOLS FINANCIAL CONTROLS RISK SELF ASSESSMENT

INTRODUCTION

1. The main purpose of this self-assessment is to provide a tool for self review of the internal financial controls of the school. This may provide assurance to the Headteacher and Governing Body that the school has sufficient and adequate internal controls for discharging its responsibilities under the Scheme of Delegation for the stewardship of public funds. The review assesses the adequacy and effectiveness of the implementation of key financial, managerial and organisational controls in a school. The assessment will identify any major weaknesses that could potentially expose the school to financial risk.
2. It should be noted that the review would only include those key controls that cover the principal financial systems at a school. It should not be regarded as a comprehensive statement of all weaknesses that exist or of all improvements that might be made.
3. The review is designed primarily as a self-assessment by schools using the existing arrangements and knowledge of the school's staff and Governors. Where appropriate, reference is made in this document to the Financial Regulations for Schools.

Key Contacts:

Adrian Howe – Audit Manager – 0300 300 6227
Adrian.howe@centralbedfordshire.gov.uk

Clint Horne – Audit Manager – 0300 300 4758
Clint.horne@centralbedfordshire.gov.uk

Kathy Riches- Head of Internal Audit & Risk – 0300 300 6155
kathy.riches@centralbedfordshire.gov.uk

April 2016

CERTIFICATION

The financial controls within the school have been assessed against this key control document. The results recorded are an accurate reflection of the financial controls in place. Any weaknesses identified have been reflected in the attached action plan (see page 14).

Prepared by:

.....
Position:

.....
Date

Reviewed and Approved by:

.....
Headteacher

.....
Date

**CENTRAL BEDFORDSHIRE COUNCIL
INTERNAL AUDIT**

**SCHOOLS SELF ASSESSMENT OF KEY FINANCIAL CONTROLS:
GOVERNANCE**

RISKS:

- Responsibilities and accountabilities not clear
- Mis-management of resources
- Decisions made beyond personal authority
- Loss of confidence in Governors/Senior staff
- Fraud and corruption

	<u>CONTROL OBJECTIVE:</u> TO ENSURE THAT THE RELATIVE ROLES, RESPONSIBILITIES AND INTERESTS OF SCHOOL GOVERNORS AND SENIOR STAFF ARE CLEARLY AND OPENLY RECORDED AND MONITORED.	
1	The roles and responsibilities of the Governing Body, its committees, the Headteacher and other staff have been formally defined in a scheme of delegation conforming to School's Financial Regulations. (Fin Reg 67-74)	
1.1	Terms of reference are documented and in operation for the Governing Body and its Committees.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.2	There is a clearly defined and documented system of delegation of responsibilities throughout the school, which have been authorised by a minute or minutes of the Governing Body.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2	Minutes of the Governing Body and its committees clearly reflect the decisions and opinions reached.(Fin Reg 69)	
2.1	Minutes are properly produced for each meeting of the Governing Body and each of its committees.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2.2	Actions required by the Governing Body are systematically carried out and recorded.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	A register of pecuniary interests is maintained. (Fin Reg 69.5)	
3.1	There is a register of pecuniary interests for Governors and staff.	<input type="checkbox"/> Yes <input type="checkbox"/> No

PREPARED BY DATE

**CENTRAL BEDFORDSHIRE COUNCIL
INTERNAL AUDIT**

**SCHOOLS SELF ASSESSMENT OF KEY FINANCIAL CONTROLS:
BANK ACCOUNTS**

RISKS:

- Mis-use of resources
- Unauthorised transactions not identified
- Loss of bank interest
- Unnecessary bank charges
- Fraud
- Incomplete accounting records

	CONTROL OBJECTIVE: TO ENSURE THE SCHOOL'S FINANCIAL RESOURCES ARE PROPERLY ADMINISTERED AND SECURED.	
1	Evidenced reconciliations are promptly completed on a monthly basis.(Fin Reg 6.19)	
1.1	The Bank Reconciliation process is undertaken promptly at each month end being fully recorded and signed by the reconciler.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.2	Material items remaining unreconciled for two months or more have been reported to the Headteacher.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.3	The monthly Bank Reconciliation is subject to independent review and this is evidenced.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2	Procedures are in place that prevent the account from being overdrawn.(Fin Reg 19)	
2.1	A cash flow system for forecasting bank account levels in the short and medium term is in place at the school.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	Cheque signatories and Bankline payment approvers are at an appropriate level and independent of the operation of the bank account. (Fin Reg 14-15)	
3.1	Individuals who may sign cheques on the school bank account, or authorise Bankline payments, are listed on a mandate approved by the Governing Body and supplied to the school's bankers.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.1	Individuals named on the bank mandate are prevented from also maintaining the banking or cash book records at the school.	<input type="checkbox"/> Yes <input type="checkbox"/> No

PREPARED BY DATE

**CENTRAL BEDFORDSHIRE COUNCIL
INTERNAL AUDIT**

**SCHOOLS SELF ASSESSMENT OF KEY FINANCIAL CONTROLS:
FINANCIAL MANAGEMENT AND CONTROL**

RISKS:

- Overspending
- Poor resource management
- Poor budgetary control
- Unauthorised budget amendments

	<u>CONTROL OBJECTIVE:</u> TO ENSURE THE ADEQUATE AND EFFECTIVE FINANCIAL MANAGEMENT OF THE SCHOOL.	
1	Annual Budget and a Budget Plan in the standard form is approved and unambiguously minuted by the Governing Body. (Fin Reg 36)	
1.1	There are formal procedures and timetables established by the Governing Body for budgeting to ensure that all factors are being considered.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.2	The Governing Body (or delegated subcommittee) minutes its approval of the annual budget plan.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2	The approved school budget is accurately recorded on the local accounting system.(Fin Reg 41)	
2.1	There is an accurate record of the budget on the schools accounting system.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	Virements are approved and recorded in accordance with a written scheme, approved by the Governing Body. (Fin Regs30-31)	
3.1	The Governing Body monitors budget amendments and authorises virement between the various areas of the budget and notifies the Chief Finance Officer where required by Financial Regulations.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4	A comprehensive written report, on the budget position including commitments, is received by the Governing Body on at least a termly basis and senior school staff on a monthly basis. (Fin Regs 27-28)	
4.1	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.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.2	Individual budgets are the responsibility of people who can directly control items of income and expenditure and who can obtain regular reports comparing the amounts spent or committed against their budget.	<input type="checkbox"/> Yes <input type="checkbox"/> No

PREPARED BY DATE

**CENTRAL BEDFORDSHIRE COUNCIL
INTERNAL AUDIT**

**SCHOOLS SELF ASSESSMENT OF KEY FINANCIAL CONTROLS:
FINANCIAL PROCEDURES**

RISKS:

- Poor systems continuity on staff changes/sickness
- Development of adhoc procedures
- Loss of controls
- Continuing control weaknesses

	CONTROL OBJECTIVE: TO ENSURE THAT THE PROPER MAINTENANCE OF FINANCIAL PROCEDURES IS CLEARLY COMMUNICATED AND PRACTICED WITHIN THE SCHOOL.	
1	Written descriptions of current financial systems, policies and procedures are maintained in a Manual approved by the Governing Body and distributed through the school. (Fin Reg 74)	
1.1	There are written descriptions of financial systems and procedures within a School Financial Manual that is kept up to date.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.2	The Governing Body approves the School's Financial Manual and all amendments to it.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2.1	A process is in place within the school to ensure proper and timely consideration and implementation of LA auditors' recommendations.	<input type="checkbox"/> Yes <input type="checkbox"/> No

PREPARED BY DATE

**CENTRAL BEDFORDSHIRE COUNCIL
INTERNAL AUDIT**

**SCHOOLS SELF ASSESSMENT OF KEY FINANCIAL CONTROLS:
INCOME**

RISKS:

- Undiscovered theft of income
- Failure to maximise income
- Bad debts
- Amounts not collected
- Lack of accountability

	CONTROL OBJECTIVE: TO ENSURE THAT ALL OFFICIAL INCOME IS IDENTIFIED, EFFICIENTLY COLLECTED, PROPERLY ACCOUNTED FOR, SECURELY STORED AND PROMPTLY BANKED.	
1	Income systems are in place to ensure all income due is identified, collected, held securely, and accounted for with adequate separation of duties. (Fin Regs 88-102)	
1.1	The Governing Body has established a charging policy and any associated scales of charges for each source of income reviewed it annually and minuted that policy.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.2	Pre-numbered official invoices are issued where there is a need for the school to recover a debt.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.3	The individual administering an income system shall not be responsible for the receipt of income.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.4	Official, pre-numbered receipts are issued or formal documentation maintained to support all income collected.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.5	Transfers of money between two members of staff are evidenced by means of a signature.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.6	All cash is locked away to safeguard against loss of theft.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.7	Income received is promptly banked.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.8	Any bad debts are reported to and minuted by the Governing Body for writing off.	<input type="checkbox"/> Yes <input type="checkbox"/> No

PREPARED BY DATE

**CENTRAL BEDFORDSHIRE COUNCIL
INTERNAL AUDIT**

**SCHOOLS SELF ASSESSMENT OF KEY FINANCIAL CONTROLS:
ASSET MANAGEMENT**

RISKS:

- Undiscovered loss or theft of property
- Poor resources utilisation
- Insurance premium increases
- Poorer chance of recovery of lost/stolen property

	CONTROL OBJECTIVE: TO ENSURE THAT THE SCHOOL'S ASSETS OF A VALUABLE, PORTABLE AND DESIRABLE NATURE ARE PROPERLY RECORDED, MANAGED AND WHERE APPROPRIATE INSURED AGAINST DEFINED RISKS.	
1	A comprehensive inventory of equipment is maintained. (Fin Reg 127)	
1.1	All departments maintain official inventory records, which are recorded, in a school central index.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.2	A system to control equipment etc on loan to staff and to pupils is in place and followed.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.3	Procedure for the write off, disposal or reporting losses of equipment are recorded, distributed and followed.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.4	An annual inventory and stock check against actual assets are undertaken and evidenced.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.5	Portable, desirable and valuable equipment is properly secured and security marked.	<input type="checkbox"/> Yes <input type="checkbox"/> No

INSURANCE

RISKS:

- Inappropriate insurance cover
- Losses unnecessarily met by School
- Late reported incidents leading to insurance claim rejection
- Poor risk management

1	An insurance management and review process is in place. (Fin Reg 103-109)	
1.1	The Governing Body is aware of the risks not covered by its insurance cover.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.2	There is a documented annual review by the Governing Body to determine whether there is a need to change the range of insurance cover.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.3	Procedures are in place to identify accidents, losses and other incidents which may give rise to an insurance claim notifiable to the insurers.	<input type="checkbox"/> Yes <input type="checkbox"/> No

PREPARED BY DATE

**CENTRAL BEDFORDSHIRE COUNCIL
INTERNAL AUDIT**

**SCHOOLS SELF ASSESSMENT OF KEY FINANCIAL CONTROLS:
SCHOOL FUND/VOLUNTARY FUNDS**

RISKS:

- Theft/fraud
- Undiscovered losses
- Improper use of resources
- Inadequate accountability

	CONTROL OBJECTIVE: TO ENSURE THAT THE SCHOOL HAS IN PLACE A SAFE AND EFFICIENT SYSTEM FOR THE CUSTODY AND CONTROL OF VOLUNTARY FUNDS MAINTAINED BY THE GOVERNING BODY.	
1	Unofficial School Fund Accounts are received annually by the Governing Body having been promptly and independently audited. (Fin Regs 242)	
1.1	An auditor independent of the staff of the school and the Governing Body, has been formally appointed to audit the school fund.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.2	An audited statement is presented annually to the Governing Body.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.3	The LA is advised of the School Fund's Annual Audit, by submission of a copy of the audited statement to the School Financial Adviser.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.4	Funds are held separately from all LA official monies and accounts.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.5	Individuals named on the school fund bank mandate are prevented from also maintaining the school fund banking or cashbook records.	<input type="checkbox"/> Yes <input type="checkbox"/> No

PREPARED BY DATE

**CENTRAL BEDFORDSHIRE COUNCIL
INTERNAL AUDIT**

**SCHOOLS SELF ASSESSMENT OF KEY FINANCIAL CONTROLS:
PERSONNEL/ PAYROLL**

RISKS:

- Incorrect payments
- Financial penalties incurred
- Employment law broken
- Payments not reported in main accounting systems
- Fictitious employees and other fraud
- Data loss or corruption

	CONTROL OBJECTIVE: TO ENSURE THAT ONLY 'BONE FIDE' EMPLOYEES AT THE SCHOOL ARE PAID FROM THE SCHOOL'S BUDGET.	
1	Appointments and payments are made in accordance with procedures formally adopted by the Governing Body. (Fin Reg 192)	
1.1	Appointments, terminations or in 'service pay' adjustments are made in accordance with standard pay scales, procedures and LA advice.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.2	Appointments, terminations or in service pay adjustments are completed using official standard documentation.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.3	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.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2	At least annually a list of payroll standing data is agreed with the payroll provider. (Fin Reg 194)	
2.1	At least annually, a list of payroll standing data supplied by the payroll service provider is reconciled to the school's local accounting systems.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	The responsibility for Payroll services is clearly assigned to a school employee through their job description for the proper management of the school's payroll, returns to statutory agencies, data protection and records security issues and associated issues. (Fin Reg 193)	
3.1	A contact point between the school, payroll provider, HR provide, and statutory agencies is clearly documented.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.2	A proper training programme that ensures a continuing awareness of all statutory requirements associated with payroll matters is in place.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.3	Unique payover accounts are in place to account for all deductions from employee's pay.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.4	Payovers and returns in respect of payroll matters are certified as correct and made in accordance with statutory body deadlines.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.5	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.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.6	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.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.7	Run to run totals are maintained independently of the payroll provider and used to monitor and agree changes in activity and value between pay runs.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4	Robust contract arrangements are in place for the provision of Payroll and HR Services (Fin Reg 191)	
4.1	Signed contracts should be in place with Payroll and HR providers	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.2	Contract arrangements should be reviewed regularly.	<input type="checkbox"/> Yes <input type="checkbox"/> No

PREPARED BY DATE

**CENTRAL BEDFORDHIRE COUNCIL
INTERNAL AUDIT**

**SCHOOLS SELF ASSESSMENT OF KEY FINANCIAL CONTROLS:
INFORMATION SYSTEMS**

RISKS:

- Loss, theft or misuse of data
- Systems failures
- Loss of audit trails
- Virus planting
- Corruption of data
- Non compliance with data protection act

	CONTROL OBJECTIVE: TO ENSURE THAT ACCESS TO SCHOOL DATA IS RESTRICTED TO AUTHORISED USERS AND THE SECURITY OF DATA AND HARDWARE IS SOUND.	
1	The safe custody of all computer application software, data and equipment is maintained through Policies approved by the Governing Body. (Fin Reg 206)	
1.1	The Governing Body approves on an annual basis the school's Data Security Policy.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.2	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.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.3	The school has a formal procedure to record, approve and review computer and network access arrangements.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.4	Supplies Invoices, Receipts and similar 'primary' records are securely held at the school. Back up of the school's critical data is regularly taken and stored in a fireproof location or offsite.	<input type="checkbox"/> Yes <input type="checkbox"/> No

PREPARED BY DATE

**CENTRAL BEDFORDSHIRE COUNCIL
INTERNAL AUDIT**

**SCHOOLS SELF ASSESSMENT OF KEY FINANCIAL CONTROLS:
PURCHASING**

RISKS:

- Goods ordered/invoices authorised in excess of authorisation powers
- Incorrect creditor payment
- Fictitious creditors
- Poor value
- Unnecessary liabilities incurred

	CONTROL OBJECTIVE: TO ENSURE THAT A SATISFACTORY SYSTEM FOR THE SELECTION OF SUPPLIERS FOR GOODS AND SERVICES ETC AND VALUE FOR MONEY IS FACILITATED.	
1	Purchasing arrangements for goods and services reflect the need to obtain quotations or tenders in accordance with approved limits. (Fin Reg 149-160)	
1.1	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.	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.2	The Governing Body has established an expenditure ceiling above which all quotations must be referred to it for review.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2	The payments system contains clear separation of duties between the staff who administer it. (Fin Reg 75.2))	
2.1	Official orders are used and someone other than the person responsible for authorising the order provides verification and authorisation of payments.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2.2	Access to the ordering element of the computer package or hand written order books is restricted to employees who do not authorise such orders.	<input type="checkbox"/> Yes <input type="checkbox"/> No

PREPARED BY DATE

**SCHOOLS SELF ASSESSMENT OF KEY FINANCIAL CONTROLS:
SCHOOLS BASED ACCOUNTING**

RISKS:

- Lack of accountability
- Financial penalties incurred
- Fraud
- Poor corporate financial management
- Withdrawal of delegation

	CONTROL OBJECTIVE: TO ENSURE THAT FINANCIAL INFORMATION REQUIRED BY THE COUNCIL IS COMPILED AND SUBMITTED IN A TIMELY AND ACCURATE MANNER.	
1	Financial monitoring and VAT returns to the LA are prepared and dispatched in a timely and accurate manner. (Fin Regs 5-8)	
1.1	Accounting and VAT returns to the LA are completed accurately and despatched promptly.	<input type="checkbox"/> Yes <input type="checkbox"/> No

PREPARED BY DATE

