



Potential Risks and Key Controls Checklist

Reviewed Summer 2025

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>The school works in conjunction with the LA finance team who fixed the budget on SIMS..</i>
◆ All changes to the budget including budget virements are recorded in FMS as soon as they are approved.	Yes	<i>The school BM and the LA appointed finance undertake this together..</i>
◆ The total resources available on SIMS should reflect the balance brought forward from the previous year's outturn statement.	Yes	<i>This has been checked and confirmed by the LA finance team.</i>
◆ All expenditure (including commitments) and income is entered onto SIMS promptly to enable the accurate day to day monitoring of expenditure.	Yes	<i>The school uses Purchases orders to enable traceability and prompt expenditure updates.</i>
◆ Cost centres have been established to enable effective monitoring by all internal school budget holders for departmental spending.	Yes	<i>These have been updated to reflect both the LA and school needs.</i>
◆ All expenditure and income on FMS is reconciled to the central accounting system on a monthly basis and any discrepancies investigated.	Yes	<i>The Finance Assistant undertakes the reconciliations and transfers the data to the LA on a monthly basis.</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	Yes	

Key Controls	Is the control in place?	How the school meets the control
rights. The Access Manager password must be held securely in school.		
♦ Access rights are established on FMS to ensure appropriate separation of duties in relation to income and expenditure.	Yes	<i>Access is limited to the role required.</i>
♦ Back-ups of system are taken regularly, and a copy stored off site.	Yes	<i>This is in line with the school policy.</i>

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	<i>This is reviewed annually and in line with the LA policy..</i>
◆ All income due is recorded promptly.	Yes	<i>Separation of duties is followed and the school use bank and Parentpay to monitor income.</i>
◆ The responsibility for identifying income due to the school is separate to the responsibility for collecting and banking income.	No	<i>This is checked by the SBM and the Headteacher on a monthly basis.</i>
◆ Bills are raised promptly for income due and reminders sent in accordance with the debt recovery policy.	Yes	<i>This is in line with the lettings policy.</i>
◆ 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	<i>The school discourage cash. When this is accepted, at least two staff are made aware and receipts provided.</i>
◆ Any cash/cheques held at school are stored securely.	Yes	<i>Money is kept in a safe until banked.</i>
◆ 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	<i>This is in line with the LA.</i>
◆ 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.	Yes	<i>The school has a vending machine which is managed externally.</i>

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>This is reviewed annually and the school are in the process of overhauling its letting procedures.</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
◆ A pay policy has been approved by the Governing Body and is reviewed annually.	Yes	
◆ 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.	Yes	<i>The school separates out these tasks and one person does not have control of all payroll. This is undertaken by the headteacher, SBM, and HR Manager.</i>
◆ 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).	Yes	<i>The school use LA payroll services.</i>
◆ All payroll and associated records are maintained confidentially with access limited to authorised individuals.	Yes	<i>Access to payroll records is Headteacher, SBM and HR Manager.</i>
◆ 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.	Yes	<i>The school undertake this in house and the LA financial support also checks this.</i>
◆ For schools undertaking their own payroll administration - All appropriate deductions from salary are made for income tax, national insurance contributions, superannuation contributions, unions subscriptions and any other agreed payments	N/A	
◆ For schools undertaking their own payroll administration - All salary payments are made on the due date	N/A	

Key Controls	Is the control in place?	How the school meets the control
♦ Appropriate records are maintained of any overtime worked and claim forms verified to these records prior to authorisation.	Yes	
♦ Consideration has been given to appropriate supply teacher insurance cover to mitigate the effects of high levels of sickness of teaching staff.	Yes	<i>This has been increased this year to meet the needs of the school. The policy is with the LA.</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
◆ At least three written quotations are obtained for all purchases or contracts where required in accordance with approved Internal Financial Regulations (Standing Orders).	Yes	<i>Where three quotes haven't been received, this is noted to the Governors for large value items stating the reasons.</i>
◆ Formal tenders are invited for all purchases or contracts where required with formal advertisement in accordance with Standing Orders.	Yes	<i>The schools surveyors tender out the work required.</i>
◆ All written quotations/formal tenders are retained as evidence for audit purposes.	Yes	
◆ 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.	Yes	
◆ 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.	Yes	<i>Recent tenders have been administered with the school Surveyors and the Archdiocese.</i>
◆ Prior approval from the Governing Body is obtained for all expenditure above the limit specified in the school's internal financial regulations.	Yes	
◆ Official, pre-numbered orders are used for all goods and services except utilities, rents, rates and petty cash payments.	Yes	<i>The FMS system undertakes this.</i>
◆ Telephone orders are kept to a minimum and when they are necessary a confirmation order is raised immediately.	Yes	
◆ All orders are certified by a member of staff approved by the Governing Body as an authorised signatory.	Yes	<i>The Budget holders signs off the PO, then these are reviewed by the SBM before ordering..</i>

Key Controls	Is the control in place?	How the school meets the control
♦ 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.	Yes	<i>PO are entered into the finance system.</i>
♦ All goods and services are checked on receipt to ensure that they match the order and the order is marked accordingly.	Yes	
♦ All invoices are certified for payment by a member of staff approved by the Governing Body.	Yes	<i>Invoices are matched to the PO. Any invoices in query are signed off by the Budget holder..</i>
♦ Orders and invoices are certified by different members of staff with normally the more senior person certifying the order.	Yes	
♦ Appropriate contingency arrangements are in place to ensure that purchasing arrangements are secure and can still operate in the unforeseen absence of key staff.	Yes	