

The Shropshire Gateway Educational Trust
Risk register
As at March 2022

Section 4 - Financial Risks										
Risk Description	Risk Consequences	Controls in place/Warning Indicators	Likelihood	Impact	Score	Status	Actions to Improve Current Position	Lead	Timescale	Comments
Failure to ensure Trust maintains overall financial control in relation to budget	Risk budget will be in deficit Risk actual financial performance not measured on regular basis Risk budget not prepared in accordance with DFE timetable Risk budget headings manipulated to ensure targets met	Monthly management accounts available for Heads Budget monitoring reports available to all schools via SAGE Reports to SLT and LGB Reports to Board of Directors monthly	1	5	5	Accept	Cost improvement may be necessary for schools with projected deficit positions. Reserves now established and budgeted for year on year in line with reserves policy and MAT pooling policies. Reporting in line with academies accounts direction/financial handbook. Explore external funding opportunities. Create culture of financial caution and shared ownership. Headsboard and Governing Bodies etc. Produce up to date and regular financial data a and share with appropriate circulation. Keep up to date with professional reading and share as appropriate. 3 year Budget forecasting and Business planning in place. Trust Business manager has completed training in ICFP tools and to use across Trust schools, use of benchmarking and school resource management tool.	EH, TBM, Heads Board, LGB	On going	
Over/Understatement of future pupil numbers.	Risk that future years' budgets could be under or overstated. Pupils numbers is the single biggest indicator of income and therefore spending decisions rely heavily on the accuracy of this data. Risks are to timeliness of cost improvement projects or failure to take opportunities for investment.	Demographic data from Local Authority. Maintain positive links with feeder schools/nurseries to ensure the trust is provider of choice and to provide assurance regarding assumption made via demographic figures. School census data completed in a timely and accurate fashion. School leaders awareness of key census dates and the importance of pupil numbers at this time.	1	4	4	Accept	Continue to review LA figures and school specific information	Head Teachers TBM	Ongoing	
Failure to ensure school maintains control in relation to reconciliations	Risk bank account reconciliations not completed and reviewed Possible inaccurate reporting of financial position.	Month end and Year end timetable Financial regulations Internal controls Internal and external audits	2	2	4	Accept	Continue to engage in audit procedures and month end processes	TBM	Ongoing	
Failure to ensure financial systems of school are suitable	Risk the financial system not suitable for school needs Financial risk Reputational risk	Monthly management accounts Budget monitoring reports Reports to SLT and Trustees Internal and external audit	2	4	8	Reduce	Investigate options available for finance software, HR and payroll software. SAGE financial management system in place and developed. Audit engagement to remove historic errors and advise on Meeting schedule and internal audit role. August2021	TBM	Ongoing	
Failure to ensure that an adequate disaster recovery plan in place re financial systems	Risk that systems will not provide Trustees and SLT with up to date financial information Risk that financial decisions will be made not in best interests of school Significant financial risk	Disaster recovery plan Security systems operated by school Off-site back up storage and systems to recover data in place Risk assessment policy	1	4	4	Accept	IT managed service developing proposals to improve current arrangements. Cloud based system now embedded and managed through service level agreement with Telford and Wrekin.	TBM	Ongoing	
Failure to ensure that the expenditure of school is not controlled	Risk expenditure not authorised Risk that expenditure is allocated incorrectly between budget headings Risk that discounts or reductions not obtained Risk that expenditure not accounted incorrect period Risk that fraudulent invoices are submitted and payments made Financial risk Risk cash flow requirements not recorded Financial risk	Monthly management accounts Reports to SLT and Trustees Budget monitoring Awareness of financial regulations Effective internal and external audits	1	3	3	Accept	Update to SLT at secondary level termly meetings with Headteachers at primary. Develop electronic signing for invoices to provide audit trail and speed up authorisation process. Fraud protection training top finance team.	TBM	Ongoing	
Failure to have robust fixed asset procedures	Risk that assets are not capitalised Risk that depreciation not appropriate	Robust financial policies Internal and external audits Financial regulations	2	2	4	Accept	Ensure that figures and accurate following implementation of new asset system and transition from previous year's accounts is reflected appropriately. Audit check.	TBM	Ongoing	

Failure of school to monitor performance of employee pension scheme	Risk of significant deficit of scheme Risk employee contribution increases significantly Risk school not making correct contribution Risk staff morale affected Financial risk Risk provisions and commitments of pension liabilities not recognised Risk future commitments cannot be met in future funding	Advice from Pension consultant Pension scheme performance External Audit LGPS and TPA returns	2	2	4	Accept	3 yearly valuations in place. Business management attendance at pensions briefings	TBM	Ongoing	
Debtors risk	Risk that debts are not recovered Risk that debtors record is not complete Risk that profile of aged debtors deteriorates which impacts on cash flow	Debtors reports End of Month Process - Monitoring of control accounts. Finance Policy.	2	2	4	Accept	Establish centralised process.		Ongoing	
Failure to ensure that budget setting is robust.	Risk that budget setting is unrealistic for the year ahead and that budgets are set at a level that are either under or over what is required .	Budget setting cycle initially involves EH, HT/LGB and BM. Draft budget is agreed by LGB and submitted to Board before submission to EFA. All key stakeholders are therefore involved in the process and sufficient time to check and challenge is in place.	1	3	3	Accept	A robust system is in place for budget setting including 3 year forecasting. Regularly amended as information is amended or notified		Ongoing	
Excessive staff costs.	Staffing is the highest single cost within a school budget and higher than average pay costs could have a significant impact on the organisation's revenue budgets. Guidance from the EFA suggests that staff pay as a percentage of total spend should be between 70 and 80% and that anything over 80% could be considered as high. https://www.gov.uk/guidance/schools-financial-efficiency-top-10-planning-checks-for-governors	At budget setting all schools will be made aware of EFA guidance. Where a school sets a revenue budget with a staffing element greater than 80% a report will be provided by the Headteacher stating why this is the case. This report will be considered by the Board of Directors when approving budgets for the forthcoming year.	1	4	4	Accept	Trust Wide Staffing Structure review. All trust school staffing levels are below 80%. School resource management tool demonstrates this. This is a KPI shared periodically with Directors.	Trust Business Manager	Ongoing	
GDPR compliance	Fines for breach of regulations. Reputational risk	General data protection in place	1	4	4	Accept	Prioritising the General data protection requirements. Appointing responsibility for compliance. Audit of GDPR. Action plans for ensuring compliance. Monitoring of performance and reporting to ST and Governing Board/Directors. Awareness raising throughout Trust by sharing need for input for all stakeholders.	Trust Business Manager	Ongoing	
Minibus Use Compliance with statutory requirements	Fines for breach of regulations. Reputational risk.	Minibuses operate legally and comply with all legislative standards	1	4	4	Accept	Driver Induction, Risk assessment and management planning. Financial capacity profit/loss shared with Governing Board. Risk assessments and procedures created.	Trust Business Manager	Ongoing	
Fraud Risk	Financial impact, reputation impact.	Internal and External audit procedures in place and monitored.	1	4	4	Accept	Continuous training. Bank fraud awareness completed by finance team January 2021 and July 2021	Trust Business Manager	Ongoing	
Loss of generated income	Financial impact of loss of catering, nursery and wrap around, and transport generated income which supports school budgets	Income and expenditure management	4	4	16	Reduce	During Covid pandemic Furlough of staff funded through generated income in catering and transport. Minimal catering stocks retained to avoid spoil and wastage. Ensure Management tasks continue to avoid damage to environment. SORN vehicles and renegotiation of rental fees, Take off road vehicle on rental. Continue with promotional tasks. undertake an independent audit of catering service for purpose of statutory compliance income generation and cost reduction testing.	Trust Business Manager	Ongoing	