Report of the Borough Treasurer

Item 8 - Schools
Financial Value Standard

Schools Forum

18th June 2014
1. **Purpose of the Paper**

To provide an update on the requirement for schools to complete the self-assessment process against the Schools Financial Value Standard by 31st March 2014.

2. **Background**

The Financial Management Standard in Schools (FMSiS) was withdrawn by the Secretary of State with effect from 15 November 2010 and replaced by the Schools Financial Value Standard (SFVS). This was available for schools to use from September 2011.

SFVS only applies to LA maintained schools and is mandatory. It does not apply to Academies, as it would duplicate their financial monitoring and assurance requirements. Following the assessment that needs to be completed by March each year, a further review should be carried out by schools annually thereafter and kept up to date.

The SFVS is a much simpler and significantly less onerous task than achieving the FMSiS standard. It is a self-assessment process for schools to complete. The standard itself is self-explanatory and contains all the information schools need. It has 23 questions and concentrates on the key elements of financial management and efficiency and is aimed mainly at governors as they have the statutory responsibility for financial management in schools. In doing so, Governors manage a considerable amount of public money and carrying out the SFVS assessment will assist in this task and give assurance to the Local Authority that schools have sound financial management in place. The assessment can be used to identify training requirements for governors which will increase the skills available to schools. The 23 questions are categorised into 4 areas:

- The Governing Body and School Staff;
- Setting the Budget;
- Value for Money; and
- Protecting Public Money

The standard itself is self-explanatory and contains all the information schools need to respond to each area in the form of support notes. The LA also added some additional guidance and tips to help schools provide evidence and assurance to Governors that they have sound financial management in place.

If the school answers No or in part to any question, the school is required to outline proposed remedial actions.

There is no requirement for schools to provide written evidence or undergo an external assessment but the standard does allow schools and Governors to carry out an assessment of all financial procedures and to identify any areas where actions are required relating to procedures; training requirements etc that will increase the skills available in the school.

All SFVS returns received were reviewed by the Schools Finance Team and further
discussions took place with schools where applicable, particularly if more information was required. All completed returns have met the standard with a number of schools identifying action plans for the forthcoming year.

The school returns will also feed into the LA’s regular internal audit process.

3. **Position of Oldham Schools**

   The Local Authority received 80 returns from the 88 schools (91% compliance).

   Out of the 79 primaries, 71 completed the SFVS.

   The Local Authority has written and asked the schools who didn't complete the Standard to complete and return a copy as soon as possible.

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   The reasons for non-completion of the standard for the 8 Oldham schools vary, some have been started but not finished whilst in other schools the Business Manager has left or is off sick.

   Where schools do not comply and complete the SFVS the Local Authority has the following options

   - an audit to be conducted
   - a Notice of Concern where it considers a school has failed to comply with the Scheme for Financing Schools
   - withdrawal of budget delegation where a school fails to substantially or persistently comply with the notice of concern.

   Details of all schools’ SFVS returns and schools that did not complete the return will be passed to Internal Audit and this will assist in the production of the draft Annual Audit Plan for schools within the Authority. This plan will be discussed with service managers and be subject to continuous review.

4. **Assurance Statement**

   The Local Authority was required to submit an assurance statement signed by the Local Authority Chief Financial Officer detailing which schools were implementing SFVS to the DfE by 31st May 2013. The Statement provides information on the number of submissions made and confirms that a system of audit is in place which
gives adequate assurance over the standards of financial management in schools

5. **Actions / Recommendations**

   The school forum members are asked to note the contents of this report