

SCHOOLS FINANCIAL VALUE STANDARD (SFVS)

The Schools Financial Value Standard replaces the Financial Management Standard in Schools (FMSiS) which was withdrawn by the Secretary of State with effect from 15 November 2010. The new standard (SFVS) has been available to schools to use from September 2011.

The Department for Education (DfE) makes it clear that Governing bodies have formal responsibility for the financial management of their schools, and that the standard is primarily aimed at them. The Governors are expected to carry out a self assessment and for the outcomes of this to be signed by the Chair of the Governing Body, presented to the Full Governing Body and be submitted to their local authority's finance department. The standard has been designed to assist governors in managing the school finances and to give assurance that they have secure financial management in place.

Maintained schools are required to complete the SFVS once a year. Those schools which never attained FMSiS will be expected to complete and submit the SFVS to their local authority by 31 March 2012. For all other maintained schools, the first run through is required by March 2013. An annual review is required thereafter.

The SFVS will not be externally assessed like FMSiS and it is expected that local authorities will use schools' SFVS returns to inform their programme of financial assessment and audit.

To quote from the DfE guidance

'The Schools manage many billions of pounds of public money each year. Effective financial management ensures this money is spent wisely and properly, and allows schools to optimise their resources to provide high-quality teaching and learning and so raise standards and attainment for all their pupils.'

It is not the intention of this paper to go through the standard in detail but the 23 questions of the standard are given at appendix A. The questions are raised under four general headings:

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

Governors are expected to indicate as part of their self assessment where they believe they meet the standard the main evidence on which they have based their answer. Where the standard is not met they are expected to summarise remedial actions and a timetable for their implementation.

The DfE has provided support notes for each question with clarification, examples of good practice and where to obtain additional support on specific issues.

As part of this year's internal audit programme we have looked at the schools financial support to consider whether assurance is provided to inform on the control environment of each school and focus audit effort. As separate exercises the effectiveness of recruitment within schools has been considered as well as the safeguarding management assurance. It intended to carry out a number of themed audits but not to carry out full audits unless there are indicators of issues, once the SVFS is fully operational these will be used to inform the programme as already indicated.

Sarah Sarll

Interim Head of Audit

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SFVS : LIST OF QUESTIONS

A: The Governing Body and School Staff

1. In the view of the governing body itself and of senior staff, does the governing body have adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money?
2. Does the governing body have a finance committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair?
3. Is there a clear definition of the relative responsibilities of the governing body and the school staff in the financial field?
4. Does the governing body receive clear and concise monitoring reports of the school's budget position at least three times a year?
5. Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?
6. Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent, eg on sick leave?
7. Does the school review its staffing structure regularly?

B: Setting the Budget

8. Is there a clear and demonstrable link between the school's budgeting and its plan for raising standards and attainment?
9. Does the school make a forward projection of budget, including both revenue and capital funds, for at least three years, using the best available information?
10. Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?
11. Is end year outturn in line with budget projections, or if not, is the governing body alerted to significant variations in a timely manner, and do they result from explicitly planned changes or from genuinely unforeseeable circumstances?

C: Value for Money

12. Does the school benchmark its income and expenditure annually against that of similar schools and investigate further where any category appears to be out of line?
13. Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?
14. Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balances at the end of each year?
15. Does the school maintain its premises and other assets to an adequate standard to avoid future urgent need for replacement?
16. Does the school consider collaboration with others, eg on sharing staff or joint purchasing, where that would improve value for money?
17. Can the school give examples of where it has improved the use of resources during the past year?

D: Protecting Public Money

18. Is the governing body sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the governing body?
19. Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers (please note any instance of fraud or theft detected in the last 12 months)?
20. Are all staff aware of the school's whistleblowing policy and to whom they should report concerns?
21. Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return?
22. Does the school have adequate arrangements for audit of voluntary funds?
23. Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?