

Schools Financial Value Standard (SFVS)

Schools Forum

3 July 2012

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Parish / Wards Affected: All

Purpose

- To advise Schools Forum members of the requirements of the Schools Financial Value Standards.

Recommendations

The Schools Forum is requested to:

- Note the requirements of the Schools Financial Value Standards

1. Reasons

- 1.1 The Financial Management Standard in Schools (FMSiS) was withdrawn by the Secretary of State with effect from 15 November 2010. A new Standard, the Schools Financial Value Standard (SFVS), was introduced in summer 2011 and become operational from September 2011.

2. Detail

Introduction

- 2.1 The SFVS replaces the Financial Management Standard in Schools (FMSiS) which was withdrawn by the Secretary of State in November 2010. The purpose of the SFVS is '*to assist schools in managing their finances and to give assurance that they have secure financial management in place*' (source: The Department for Education).
- 2.2 Governing bodies have formal responsibility for the financial management of their schools, and so the standard is primarily aimed at governors.
- 2.3 Maintained schools are required to complete the SFVS once a year.
- 2.4 Those schools that failed to attain FMSiS had to complete and submit their first SFVS to the LEA (Children: Finance) by 31st March 2012. However, those that achieved FMSiS will not have to complete and submit the SFVS until 31st March 2013. An annual review (completion and submission of the SFVS) is required thereafter.
- 2.5 SFVS is currently not a requirement for Academies.
- 2.6 SFVS will not, unlike FMSiS, be externally assessed.

Further information on the subject of this report can be obtained from Nick Hobbs on 01793 463940 or Email nhobbs@swindon.gov.uk

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- 2.7 The SFVS assessment can be downloaded from the following web page:
<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schools%20financial%20value%20standard/a00192114/schools-financial-standards-sfvs>
- 2.8 Local authorities are required to use the SFVS returns to 'inform their programme of financial assessment and audit'.

What do schools need to do?

- 2.9 The Standard consists of 23 questions (split into sections A – D) with a summary of action required (section E) which governing bodies should discuss with the head teacher and senior staff.
- 2.10 Each question in sections A – D requires an answer of Yes, In Part, or No. If the answer is 'Yes', then reference to the main sources of evidence should be referred to. If 'No', or 'In Part', then reference should be made to proposed remedial action.
- 2.11 Section E should be used to summarise remedial action and the timetable for reporting back (each action should have an agreed owner and timetable).
- 2.12 The governing body may delegate the consideration of the questions to a relevant committee such as Finance, but a detailed report should go to the full governing body and the chair of governors must sign the completed form before it is returned to the local authority.
- 2.13 There is no prescription on the level of evidence required. The important thing is that governors are confident about their responses.
- 2.14 When Internal Audit carry out their normal audit reviews at schools they should make the governing body and the LA aware of any major discrepancies in judgements stated on the SFVS.

What does SFVS cover?

- 2.15 The SFVS is split over five sections (A – E) and cover the following areas:
- Section A – covers the Governing Body and School Staff
 - Financial skills; Finance committee; roles and responsibilities; declarations of interest; staffing structures
 - Section B – covers the setting of the budget
 - Link between budget and school improvement plan; forward projections of budget; year-end outturns
 - Section C – value for money

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- Benchmarking; purchasing procedures; school balances; premises and other assets; collaboration with other schools
- Section D – Protecting Public Money
 - Audit reports; remedial action on issues raised in the SFVS; anti-fraud measures; whistleblowing policy; accounting reports; school fund; business continuity; insurance
- Section E – outcome of self-assessment
 - Summary of agreed remedial action and timetable for reporting back

Chief Finance Officer (CFO) statement

- 2.16 CFOs will be expected to say each year how many SFVS reports they have received from schools before 31 March. Local authorities will also be expected to give a general assurance that they have a system of audit in place which gives them adequate assurance over their schools' standards of financial management and the regularity and propriety of their spending.

Help / Assistance

- 2.17 Schools can get help and advice regarding the completion of their SFVS from a number of sources i.e.
- **Internal Audit:** contact Nikki Soave (Principal Auditor: 01793 463947), or Mel Fitzgerald (Auditor: 01793 463918)
 - **Children Finance:** contact Sarah Higgins (Deputy Group Finance Manager – Schools: 01793 465752)
 - **The Department of Education**
 - Financial management helpline: 020 7340 7775
 - E-mail: financial.management@education.gsi.gov.uk
 - **Department of Education Support Notes** (embedded in SFVS questionnaire – see link in the Introduction above) and **Additional Resources** (also available on the website)

Alternative Options

There are no alternative options presented in this report.

Risk Management

Financial and Procurement Implications

- There is no longer a requirement for schools to pay to have their Financial Management Standard in Schools (FMSiS) return externally assessed. There are

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no other additional cost implications to this report.

Legal / Human Rights Implications

- It is a requirement of the Department of Education that all Maintained Schools complete and submit a School Financial Value Standard on an annual basis.

Links to Corporate Plans and Policies

- Scheme for Financing Swindon Schools

Diversity Impact Assessments

- A Diversity Impact Assessment (DIA) has not been completed as this report does not make any recommendations that affect services

Consultees

The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

Background Papers and Appendices

Appendix A: Department for Education: Schools Financial Value Standard

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