

Schools Financial Value Standard (SFVS)

Schools Finance 2012

Presenters: Christine Atkinson- Schools Management
Accountant
Joanne Randerson- Finance Officer
Margaret Fenton- Group Auditor

www.eriding.net/ click on Governors,
click on finance

Best Outcomes for our Pupils



Summary

- To give assurance that secure financial management is in place
- Self assessment – annually
- Provide evidence to support answers
- Consists of 23 questions - GB formally discuss annually with Headteacher
- Chair of Governors signs completed form
- Send to Schools Finance

Main thing is that Governors are confident about their answers

By doing this Governors can be assured that they are carrying out their finance role

Financial Management Standard in Schools (FMSiS)

- For those familiar with FMSiS – SFVS is its replacement and **very similar** in the evidence that is required – keep doing what you did for FMSiS)

Differences

- Annual instead of every 3 years
- Self assessment instead of external assessment
- Wording of questions slightly changed

To assist schools

- Schools Finance have taken the questions and crossed referenced them to the FMSiS manual and listed the evidence that is required- available on the schools intranet and www.eriding.net/ under the governors section.
- Audit section have amended the Control Risk Self Assessment form (CRSA) and cross-reference to SFVS and also available.

Timetable

- For Schools who did not achieve FMSiS, SFVS must be completed by end of March 2012
- For all other schools SFVS must be completed by end of March 2013
- LA recommend GB to submit by end of the summer term each year
- Annual self assessment



Strategic role

Broad view of everything a school is required to do, what it wants to achieve and how to get there

- Setting aims and objectives
- Agreeing policies, targets and priorities
- Monitoring and reviewing aims, objectives, and whether the policies, targets and priorities are being achieved

Critical friend role

From the Greek 'critic' = a person who offers a reasoned judgement

- Offers support, constructive advice, sounding board for ideas, second opinion and help
- Challenge, ask questions, seek information, improve proposals

(visit and promote school, raising standards, safety and well being of pupils, listen to views of stakeholders, professional development of staff)

Governors Accountability Role

The head teacher and professional staff are accountable to the Governing Body for the School's performance. The GB must be prepared to explain its decisions and actions. GB part of leadership and management of the school.

- Self evaluation
- School improvement plan
- Outcomes of OFSTED inspections
- Monitor and analyse performance data
- Take account of needs of vulnerable pupils and their outcomes

Accountability (cont)

- Monitor the effectiveness of the deployment of resources to achieve best value and outcomes for pupils
- Understand and implement the school's statutory duties and ensure compliance
- Understand the schools strengths and weaknesses



Question 1

- Does GB have adequate financial skills to fulfil its role of challenge and support in the field of financial management and value for money?

Evidence

- Complete Governors Competencies matrix



Question 2

Does GB have a finance committee with clear terms of reference?

Evidence

- Terms of Reference
- List of governors, committees and timetable of meetings

Question 3

- Clear definition of the responsibilities of the GB and the school staff

Evidence

- Terms of Reference
- Scheme of Delegation
- Governors Induction Pack

Question 4

- Does the GB receive concise budget monitoring reports at least 3 times a year?

Evidence

- Schools Finance send schools budget monitoring reports on a monthly basis. We recommend that a nominated governor receive a copy of these each month. The finance committee sees them each term, hopefully before meeting.

Question 5



- Business interests are recorded to avoid conflict of interest
- **Evidence**
- This is a regular annual agenda item for the full GB
- Documentation showing segregation of decision making
- GB minutes

Question 6

- Does the school have access to adequate level of financial expertise if staff are absent?

Evidence

- Say how you would cover. Are other staff trained up to keep work ticking over in the short term? Work with another school who could help out? Use School finance peribursar service?

Question 7



- Does the school review its staffing structure regularly?

Evidence

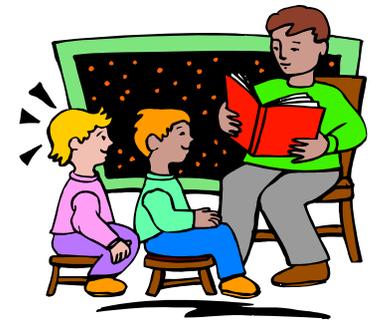
- GB minutes to highlight discussions

Very important- staffing costs often form 80%-90% of a schools spend and can push schools into a deficit position

Need to review in light of projected pupil numbers and projected balances from the 3 year plan.

Review in line with attainment

Question 8



- Is there a clear and demonstrable link between the school's budgeting (3 year plan) and its plan for raising standards and attainment (school development plan SDP)?
- **Evidence**
- GB minutes

There are spaces on the 3 year plan to cross reference to the SDP. It is important that initiatives and priorities are costed and built into the budget to see if affordable in the short or long term.

Question 9

- Does the school make a forward projection of budget, for at least 3 years?

Evidence

- 3 year plan – ensure plan is accurate



Question 10

- Does the school set a well-informed and balanced budget each year (with an agreed plan and timed plan for eliminating any deficit)?

Evidence

- GB minutes to show discussion and GB approval of plan
- School should have adopted 'Scheme for Financing Schools'

Question 11

- Is the end of year outturn in line with budget projections, or if not, the GB alerted to significant variations in a timely manner?

Evidence

- GB minutes on discussions surrounding year end balances

Question 12

- Does the school benchmark its income and expenditure annually against other similar schools?

Evidence

- GB minutes showing ERYC key indicators discussed. Use of DfE benchmarking website

Question 13

- Does the school have procedures for purchasing goods and services?

Evidence

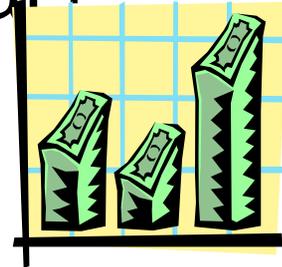
- GB minutes- discussion around value for money
- Adopt contract procedure rules

Question 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?

Evidence

- GB Minutes
 - Completion of excess balance form
- Governors should be aware on the scheme for recycling excessive balances*



Question 15



- Does the school maintain its premises and other assets to an adequate standard to avoid urgent repair/ replacement?

Evidence

- Premises and ICT improvement plan



Governors should have a tour around the school/ outside area a couple of times a year to establish areas for repair or improvement

Question 16

- Does the school consider collaboration with others eg sharing staff or resources, where that would improve value for money?

Evidence

- GB Minutes
- Approved Best Value Statement



Question 17

- Can the school give examples of where it has improved the use of resources during the past year?

Evidence

- GB Minutes



e.g renegotiate contracts, change supplier, changed the way back office/ classroom operations are done. School meals/ ordering of stationery

Question 18

- Is the GB sure that there are no outstanding matters from audit reports?

Evidence

- GB minutes – school should report to GB that matters arising have now been dealt with.
- Review charging policy annually

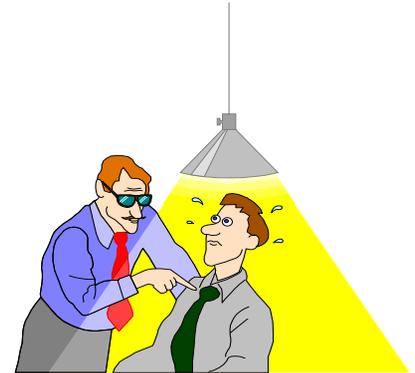
We see many examples when audit recommendations have not been actioned and are on subsequent audit reports

Question 19

- Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers?

Evidence

- Register of business interests
- Division of duties in processes
- Budget monitoring is timely & effective
- Official orders are used
- Invoice passing procedures are robust
- Awareness of threats



Question 20

- Are all staff aware of the school's whistleblowing policy and to whom they should report concerns?

Evidence

- GB minutes adopted policy- Copy of policy in school
- Minutes of staff meetings or copies of newsletters

Question 21



- Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including CFR return?

Evidence

- GB Minutes discussing budget monitoring reports and year position.
- GB minutes-adopted Finance Manual (adapted) for schools

The majority of schools use a Financial Management System (FMS). Need to reconcile to the ERYC ledger on a monthly basis. Some schools enter invoices straight onto the ERYC ledger.



Question 22

- Does the school have adequate arrangements for audit of voluntary funds?

Evidence

- Independent auditor
- Accounts produced at least annually
- Accounts approved by Governing body
- Copy sent to Internal Audit



Question 23

- Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?

Evidence

- Computers backed up regularly
- Periodic testing of restoration of data
- Arrangements to cover loss of key staff
- Up to date inventory of assets
- Procedures documented for staff to follow

Audit's role?

- **Chief Finance Officer (CFO) statement**
- CFOs will be expected to say each year how many SFVS reports they have received from schools before 31 March. Local authorities (LAs) 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.

Audit and Schools Finance contacts

- Group auditor - Margaret Fenton (39)4107
 - Senior auditors - Amanda Day (39)4108
 - Gemma Eyles (39)4116
 - Auditors
 - Lucy Kellett (39)4119
 - Gemma Aitken (39)4118
 - Andy Stephens (39)4109
- Schools Finance – (39) 4225 -general
- SMA - Christine Atkinson (39) 4211
- Finance Officer - Joanne Randerson (39) 4214

CRSA

Questionnaire - CRSA schools finance inc SFVS

Category: A. Budget Preparation and Delegation

Question: A1. Has the school planned for a deficit budget? If yes please specify the level. Please state whether prior approval from the Director of Children, Family and Adult Services was sought and granted, using the add attachment function to provide a copy of this approval. (SFVS B10)

Answer		
•• Recommendation		
Effect		

Question: A2. Does the school have a budget recovery plan agreed with the Authority to address the budget deficit? (SFVS B10)

Answer		
•• Recommendation		
Effect		

Question: A3. Does the school have or will it have a surplus balance in excess of the allowed limit? Under the scheme for 2010/11, schools will automatically be allowed to carry forward balances up to the limit of 6.5% for Primary, Special and Nursery Schools or 3.5% for Secondary Schools. In the case of small schools this level will be increased to £22,500 if this is higher than 6.5%. From 2011/12 these limits will reduce to 5% for Primary, Special and Nursery Schools, 2% for Secondary Schools and £20,000 for small schools. The phased reduction in permitted carry forward limits, from 8%, 5% and £25,000 to 5%, 2% and £20,000 was approved at the Schools Forum on 15th November 2010. (SFVS C14)

Answer		
• Recommendation		
Effect		

How can CRSA help

Questionnaire - CRSA schools finance inc SFVS

Category: A. Budget Preparation and Delegation

Question: A1. Has the school planned for a deficit budget? If yes please specify the level. Please state whether prior approval from the Director of Children, Family and Adult Services was sought and granted, using the add attachment function to provide a copy of this approval. (SFVS B10)

	Answer	Yes
••	Recommendation	Written approval must be sought from the Director of Children, Family and Adult Services prior to the school setting a deficit budget.
	Effect	Non-compliance with financial procedures, budget pressures on subsequent financial years and, in the case of a bank account school, the closure of the bank account and a return to Council responsibility for the control of the budget.

Question: A2. Does the school have a budget recovery plan agreed with the Authority to address the budget deficit? (SFVS B10)

	Answer	No
••	Recommendation	The school must produce a budget recovery plan that is agreed with the ERYC to address the budget deficit and return the school to a balanced budget.
	Effect	Lack of formal plan to restore the school to a balanced budget.

Question: A3. Does the school have or will it have a surplus balance in excess of the allowed limit? Under the scheme for 2010/11, schools will automatically be allowed to carry forward balances up to the limit of 6.5% for Primary, Special and Nursery Schools or 3.5% for Secondary Schools. In the case of small schools this level will be increased to £22,500 if this is higher than 6.5%. From 2011/12 these limits will reduce to 5% for Primary, Special and Nursery Schools, 2% for Secondary Schools and £20,000 for small schools. The phased reduction in permitted carry forward limits, from 8%, 5% and £25,000 to 5%, 2% and £20,000 was approved at the Schools Forum on 15th November 2010. (SFVS C14)

	Answer	Yes
•	Recommendation	An approval form should be submitted to the Accountancy Section in order to guarantee the surplus funding.
	Effect	There is an increased risk of the balance being transferred within the Local Authority.