



Haringey Council

The Children and Young People's Service

**Agenda Item
10**

Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum 26 May 2011

Report Title: School Financial Value Standards

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Purpose: To inform members of the proposed replacement to the Financial Management Standards in Schools and of the proposed new internal audit arrangements.

Recommendations:

- 1. That members note the report.**

1. Background and Introduction.

- 1.1. The Financial Management Standards in Schools (FMSiS) was introduced in 2006-07. The previous government introduced them as part of a drive to improve the strategic management capabilities of school governing bodies. Controls on school surplus balances were also introduced to address concerns that schools were not using the resources allocated to them.
- 1.2. FMSiS required schools to undergo a triennial external assessment. In Haringey, the assessment was carried out by the Internal Audit team, and involved examining the documentary evidence provided by the school to show that it was achieving FMSiS's 102 assessment criteria.
- 1.3. The FMSiS audit formed part of a wider rolling programme of audits, based on risk, but with the intention of ensuring all schools achieved the FMSiS accreditation within the required timescales. This was completed by the deadline on 31 March 2010. Schools had begun to be assessed for re-accreditation of FMSiS during 2010/11.
- 1.4. On 15th November 2010, the Secretary of State for Education announced that FMSiS would cease with immediate effect to be replaced by a simpler system.

2. School Financial Value Standards.

- 2.1. In March the DfE published its proposed replacement, known as the School Financial Value Standards (SFVS). It is intended to introduce the Standard in summer 2011 with it becoming operational from September 2011. In the proposals schools will be expected to conduct an assessment against SFVS once a year, with the first reports from schools due before September 2012. These are expected to be reports to the Local Authority (LA) signed by the Chair of Governors.
- 2.2. The reports will be based on a series of questions that Governing Bodies (GBs) are expected to formally discuss with their head teacher and other senior staff. The DfE will provide advice and tools in relation to each question that GBs can use if they wish.
- 2.3. Each LA's Chief Financial Officer (CFO) is expected to notify to the DfE on the number of reports received and to give assurances that the contents of the reports are taken into account in planning the future programme of audits. The CFO is also expected to give a general assurance that they have a system of audit in place that gives them adequate assurance over schools' standards of financial management and the regularity and propriety of their spending.
- 2.4. The DfE have suggested that each LA should publish the names of schools that have not reported against SFVS.

3. Audit Proposals.

- 3.1. Haringey is proposing to include a review of compliance with the SFVS in individual schools as part of the regular schools audit programme rather than introduce a separate and costly additional inspection.
- 3.2. Any school not reporting as required or reporting below an acceptable standard will be prioritised within in the audit programme and may be subject to additional or more frequent audit processes.

4. Recommendations.

- 2. That members note the report.**