

WIRRAL COUNCIL

EMPLOYMENT AND APPOINTMENTS COMMITTEE

28 JUNE 2007

REPORT OF THE DIRECTOR OF FINANCE

FINANCIAL MANAGEMENT STANDARD IN SCHOOLS (FMSIS)

1. EXECUTIVE SUMMARY

- 1.1 The Education Act 2002 specifies a consistent approach to financial management in schools. This is to be achieved by schools complying with the Financial Management Standard & Toolkit (FMS&T) which was released to schools in June 2004.
- 1.2 The FMSIS is a statement of the controls and policies that the Department for Education and Skills (DFES) requires schools to have in place. It is intended to specify the procedures that should already be in place in schools, rather than to introduce a new, higher standard.
- 1.3 The DfES has now extended the requirement of FMSiS to primary and special schools and they will have to meet the Standard by March 2010.
- 1.4 The Internal Audit Section has provided an efficient and effective service in undertaking the external assessment of the secondary schools.
- 1.5 This report explains how it is proposed to ensure that all primary and special schools in Wirral achieve compliance with the FMSiS by March 2010 and seeks approval for the establishment of a post of senior auditor to enable Internal Audit to assess Standard compliance, in accordance with their appointment as external assessors as approved by Cabinet on 24 May 2007.

2. BACKGROUND

- 2.1 The FMS&T is a self-management package that was released to schools in June 2004. It is the means by which the DfES has provided guidance on the procedures schools must have in place to ensure achievement of the FMSiS.
- 2.2 For a school to be awarded the Standard, it has to complete the self assessment tool and submit it to the appointed assessor.
- 2.3 The DfES has provided guidance as to who is able to undertake the assessment. There are 4 options available:
 - (i) LEA finance officers
 - (ii) Assessors accredited by the Local Authority
 - (iii) National firms accredited by the DfES
 - (iv) Internal Audit

2.4 LEA Finance Officers

There is no “background experience” in assessment of this type possessed by LEA Finance Officers in this or neighbouring authorities.

2.5 External Assessors Accredited by the Authority.

There are no external assessors in this area currently accredited by the Authority.

2.6 National Firms Accredited by the DfES.

The DfES has offered a list of national accredited assessors. Those that could provide a service in Wirral are detailed below:

Company	Cost per school (plus VAT) £
Tribal	985
Evolve	1,500
KPMG	1,500
HELM	1,738

Wirral Internal Audit would cost £1,015 per school.

If an external assessor was appointed, the Authority would still need to provide a point of liaison for schools and the external assessor in order to ensure that assessments are carried out efficiently and effectively within the timescales required and at the convenience of the schools. I would have to implement a monitoring and review system to ensure consistency between schools and I would need to be satisfied with the service.

The additional cost of co-ordination and certification audit if an external assessor was appointed would be far in excess of the difference in cost with the lowest external assessor of £30 per school.

2.7 Internal Audit

The Internal Audit Section has provided an efficient and effective service when undertaking the external assessment of the secondary schools. Feedback from secondary schools has been very positive. They have commented on the professional approach of the assessors and the help and advice provided by them.

Based on DfES guidance and on experience in undertaking the secondary school assessments, it is envisaged that the time required will be 5 days per school i.e. the assessment visit, training staff in the specified processes, providing advice and support to schools.

2.8 Following the guidance issued by the DfES, the assessment of primary and special schools in Wirral will be undertaken over a 3 year period, from April 2007 to March 2010. This represents 45 primary and special schools in years 1 and 2, and 23 in year 3.

2.9 I am required to sign a declaration that relevant schools either meet the FMSiS or are subject to appropriate action to ensure they meet it.

3. FINANCIAL AND STAFFING IMPLICATIONS

3.1 Schools are required to pay for the assessment from their delegated budget. The implications of this, and the procedure to be adopted have been agreed with the Director of Children's Services and explained at the Wirral Schools Forum.

3.2 The introduction of assessments for primary and special schools will have resource implications for the Internal Audit Section. In order for Internal Audit to conduct the assessments within the defined timeframe, additional staffing resources will be required. It is proposed that a post of a Senior Auditor, (SO1/PO1) be created to deal with the requirements of the assessment. The top-of-grade full year cost of the post would be £35,300, including on-cost, which can be met from the additional income received from schools.

4. LOCAL MEMBER SUPPORT IMPLICATIONS

4.1. There are no particular local Member support implications arising from this report as the FMSiS will affect all primary and special schools and therefore all wards.

5. LOCAL AGENDA 21 STATEMENT

5.1 There are no Local Agenda 21 implications arising directly from this report.

6. PLANNING IMPLICATIONS

6.1 There are no planning implications arising directly from this report.

7. EQUAL OPPORTUNITY IMPLICATIONS

7.1 There are no equal opportunity implications arising directly from this report.

8. COMMUNITY SAFETY IMPLICATIONS

8.1 There are no community safety implications arising directly from this report.

9. HUMAN RIGHTS IMPLICATIONS

9.1 There are no human rights implications arising directly from this report.

10 **BACKGROUND PAPERS**

10.1 School Standards and Framework Act 1998

10.2 Education Act 2002

10.3 DfES - Financial Management Standard in Schools guidance

11. **RECOMMENDATION**

11.1 That creation of an additional post of Senior Auditor, (SO1/PO1) be approved.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/138/07