

## **SCHOOLS FINANCIAL VALUE STANDARD (SFVS)**

Schools manage many billions of pounds in public money, and it is very important that this management is done well, in order both to safeguard public funds, and to get the best value from them. Formal responsibility within schools lies with governing bodies, and this standard is in the first place aimed at governors. It takes the form of a series of questions which school governing bodies should formally discuss with their head teacher and other senior staff. We recommend that this is done annually. The first run through should be before September 2012; and in the case of schools which had not attained the Financial Management Standard in Schools (FMSiS) must be before the end of March 2012.

There is no prescription of the level of evidence or assurance that the governing body should require: the important thing is that they should be in a position to feel confident about their answers. The DfE website includes advice and tools for governing bodies in relation to each question, which they can use if they wish to. The advice and tools provide clarification of what the question implies, examples of good practice, and access to materials which will assist action on that issue where it is necessary.

The governing body may wish to delegate the consideration of the questions to a Finance Committee or similar; but the chair of governors must sign the completed form. There should be at least a minuted report to the full governing body.

Each question requires an answer of Yes, In Part, or No. Where the answer is In Part or No, the column for comments, evidence and proposed actions should be used to enter a very brief summary of the position and proposed remedial action. Where the answer is Yes, the column should be used to indicate the main evidence on which the governing body based its conclusions. At the foot of the list of questions is a section which requires a summary of remedial actions and the timetable for reporting back.

The standard will not be formally assessed like FMSiS. However, a copy of each signed record must be sent to the local authority's finance department, where it will be used to inform the programme of financial assessment and audit. Local authority and other auditors will have access to it, and when they conduct an audit will be able to check whether the self-assessment is in line with their own judgement. They should make the governing body and the local authority aware of any discrepancies in judgement.

The questions which form the standard are divided into five sections.

<b>LIST OF QUESTIONS</b> <b>A: The Governing Body</b>	<b>ANSWER</b> <b>(Yes/In Part/No)</b>	<b>COMMENTS, EVIDENCE AND PROPOSED ACTIONS</b>
<p>1. In the view of the Governing Body itself and of senior staff, does the Governing Body have adequate financial competence among its members to fulfil its role of challenge and support in the field of budget management?</p> <p>2. Does the Governing Body have a Finance Committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair?</p> <p>3. Is there a clear definition of the relative responsibilities of the Governing Body and of the school staff in the financial field?</p> <p>4. Does the Governing Body receive adequate monitoring reports of the school's budget position on at least a termly basis?</p> <p>5. Are business interests of Governing Body members (and senior staff) properly registered and taken into account so as to avoid conflicts of interest?</p>		
<p><b>B: The School Staff</b></p> <p>6. Does the staff include people who between them supply the school with an adequate level of financial competence?</p> <p>7. Does the school have adequate arrangements to cope with the absence of specialist finance staff, eg on sick leave?</p> <p>8. Does the school have policies and mechanisms for deploying the staff of the school to best effect in view of their talents and competencies and the needs of the</p>		

school?

9. Does the school review its staffing structure regularly?

**C: Setting the Budget**

10. Is there a clear and demonstrable link between the school's budgeting and its plan for raising standards and attainment?

11. 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?

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

13. 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 genuinely unforeseeable circumstances?

**D: Value for Money**

14. Does the school regularly benchmark its expenditure against that of similar schools and investigate further where any category of spend appears to be high?

15. Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?

16. 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?

<p>17. Does the school maintain its premises and other assets to an adequate standard to avoid future urgent need for replacement?</p> <p>18. Does the school consider collaboration with others, eg on sharing staff or joint purchasing, where that would improve value for money?</p> <p>19. Can the school give examples of where it has improved the use of resources during the past year?</p> <p><b>E: Protecting Public Money</b></p> <p>20. Is the Governing Body sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the Governing Body?</p> <p>21. Are there adequate arrangements in place to guard against fraud by staff, contractors and suppliers (please note any instance of fraud detected in the last 12 months)?</p> <p>22. Are all staff aware of the school's whistleblowing policy and to whom they should report concerns?</p> <p>23. Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return?</p> <p>24. Does the school have adequate arrangements for audit of voluntary funds?</p> <p>25. Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?</p>		
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**OUTCOME OF SELF-ASSESSMENT**

**F: Summary of agreed remedial action and timetable for reporting back:**

**[signed]**

**Date:**

**DRAFT**

**Chair of Governors**