**Audit Guidance on Schools Financial Value Standard**

The Schools Financial Value Standard is a mandatory requirement for local authority maintained schools. Governing bodies of maintained schools or management committees of pupil referral units (PRUs) have formal responsibility for the financial management of their schools, and so the standard is primarily aimed at governors or management committees.

**What do schools need to do?**

The standard consists of 25 questions which governing bodies or management committees should formally discuss **annually** with the head teacher and senior staff.

The results of the annual discussion should be documented within the SFVS self-assessment form. This form can be found online at <https://www.gov.uk/schools-financial-value-standard-and-assurance-sfvs>. This site also contains supporting information for each question to help schools in their self assessment and to illustrate best practice that might help schools in identifying any improvements that need to be made.

Each question requires an answer of ‘Yes’, ‘In Part’, or ‘No’. If the answer is ‘Yes’, the comments column can be used to indicate the main evidence on which the governing body based its answer. If the answer is ‘No’ or ‘In Part’, the column should contain a summary of the position and proposed remedial action.

In Section E of the self assessment form, governors or management committees should summarise remedial actions and the timetable for reporting back. If there are a number of remedial actions then these should be shown in a separate action plan. Governors or management committees should ensure that each action has a specified deadline and an agreed owner. **Governors or management committees must then monitor the progress of these actions to ensure that all actions are cleared within specified deadlines so that all parts of the standard are met.**

The governing body or the management committee may delegate the annual discussion of the questions to a finance or other relevant committee, but a detailed report should be provided to the full governing body or the management committee and the chair must sign the completed assessment form. It is important that the self assessment forms are considered annually even if all questions were previously given a positive response. Annual reconsideration will identify any areas of change and ensure that the school is basing its responses on current practice and not out of date information.

**There is no prescription of the level of evidence that the governing body or management committee should require. The important thing is that the governors and the management committee are confident about their responses.** It is, however, advisable that the comments, evidence and proposed actions column on the assessment form is completed for each question with relevant supporting information, which the governors or management committee review and agree before the chair signs the completed assessment form.

The school must send a copy of the signed annual self assessment, to the School Funding Team before 31 March. It is advisable that the governing body or committee meeting at which the responses to the standard is formally discussed with the head teacher and senior staff is held in good time, so that there is sufficient time to process any changes required by the chair before the assessment form is signed and submitted.

**What is the role of local authorities (LAs)?**

LAs will use schools’ SFVS returns to inform their programme of financial assessment and audit.

The SFVS is not externally assessed, however a sample of assessments are reviewed each year to enable the Director of Finance to determine the level of reliance that can be placed on the self assessment results overall. In addition auditors have access to the standard, and when they conduct an audit will check whether the self-assessment is in line with their own judgement (for the areas they examine) and will also ensure that the school has addressed all remedial actions before a SFVS review takes place for another year. Auditors will make the governing body, the management committee and the LA aware of any major discrepancies in judgements through the report that is issued.

Completion of the annual SFVS self assessment process is also a factor within the authority’s Light Touch Financial Monitor (Scorecard) protocol.