

Audit Guidance on Schools Financial Value Standard

The Schools Financial Value Standard (SFVS) is a mandatory requirement for all 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.

A few exemptions exist whereby an SFVS return is not required. These relate in particular to those schools that have opened or closed in this financial year and those that have been issued with an Academy order. Following issue of an Academy order, if the school has not converted by the end of the next financial year, it becomes eligible to complete the SFVS again.

If you feel your school meets the criteria for an exemption, you must call CBMDC Audit on 01274 432249, prior to the deadline, to discuss the matter and agree the exemption.

The New standard (effective from April 2019)

SFVS helps to provide schools with assurance that they are meeting the basic standards necessary to achieve a good level of financial health and resource management.

The new standard is a tool in two parts and can be used to identify possible areas for change to ensure that resources are being used to support high-quality teaching and the best education outcomes for pupils. The tool comprises:

1. A checklist, which asks a number of questions of governing bodies in six areas of resource management to provide assurance that the school is managing its resources effectively
2. A dashboard, which shows how a school's data compares to thresholds on a range of statistics that have been identified as indicators for good resource management and outcomes

What do schools need to do?

The new checklist consists of 29 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 checklist as well as completing the required data into the dashboard. The relevant documents can be found online at <https://www.gov.uk/schools-financial-value-standard-and-assurance-sfvs>. This site also contains detailed guidance for each question on both the checklist and dashboard 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.

The dashboard guidance provides detailed explanations for each of the indicators to support schools in filling in their data and understanding the results. How to calculate the data needed is also explained. In the dashboard, the school should use the most up to date data available to them, and not rely on published data which may not be the latest available information. The data can either be directly entered into the dashboard or can be populated by completing the cells in the "Optional – input raw data" tab.

Each question of the checklist requires an answer of 'Yes', 'In Part', or 'No'. If the answer is 'Yes', the comments, evidence and proposed actions column can be used to indicate (concisely) the main evidence on which the governing body based its answer. There is no prescription of the level of evidence that the governing body or management committee should require, but governors and the management committee need to be confident about their responses.

If the answer is 'No' or 'In Part', the column should contain a brief summary of the position and proposed remedial action.

The front page of the document has an introduction and also a section entitled "Outcome of schools financial value standard (SFVS), " where a box is provided to record a summary in a text format of agreed action and a timetable for reporting back. The school should consider creating a separate action plan if there are a number of detailed remedial actions. Each agreed action needs 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.

Discussion of the questions may be delegated 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 checklist and dashboard. The contents of the checklist and dashboard can then be considered on an annual basis thereafter, to ensure that the school is basing its responses on current practice and not out of date information.

The school must send a copy of the signed checklist and dashboard 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.

All schools are required to complete the **SFVS by 31 March**. The SFVS documentation must be approved by the Full Governing Body **and signed by the Chair of Governors**. Please ensure the school name is typed clearly in the relevant cell on the SFVS template. The electronic version of the completed template should be sent by email to schoolfundingteam@bradford.gov.uk. The authorisation page must carry an original signature of the Chair of Governors, hard copies of this signature page are not required, but it should be scanned and e-mailed with the completed return.

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 checklist and dashboard process also informs authority's Light Touch Financial Monitor (Scorecard) protocol.