



District Councils  .....

Health Authority  .....

Police  .....

Other Bodies/Individuals  .....

**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by  
this Committee

To Council  .....

To Cabinet  .....

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

## Agenda No

### Audit and Standards Committee – 25 September 2007

#### Recognising Good Financial Practice in Schools

#### Joint Report of the Strategic Directors of Performance and Development, Resources and Children, Young People & Families

##### Recommendation

That the Committee:

1. considers whether a more formal presentation of FMSiS certificates awarded to schools by the DCFS for good financial practices should be pursued, and
2. endorses proposals to improve the wider sharing of those practices.

#### 1. Introduction

- 1.1 This report, requested at the Committee's meeting on 21 February, outlines possible ways of recognising and sharing good financial practice in schools.

#### 2. Financial Management Standard in Schools (FMSiS)

- 2.1 The government's Department for Children, Schools & Families (DCSF) has introduced a Financial Management Standard in Schools (FMSiS) and supporting toolkit, which are designed to allow schools to take better informed decisions about the allocation of resources at school level, supported by better information, planning and management.
- 2.2 All schools are expected to comply with the standard by March 2010. Secondary schools were required to complete and submit self assessments and provide appropriate evidence to back them up by March 2007. Primary and Special schools are being phased in during 2008 – 2010. Chief Financial Officers are required to sign a declaration confirming that all Secondary schools have either met FMSiS by March 2007, or that the necessary processes are in place to meet the standard over the next twelve months. . The Schools Finance Team are providing a service to schools to meet the requirement for submissions to be externally assessed. The lessons learned and good practice gained from the first round of assessments are being incorporated into the training and guidance provided to primary and special schools in the next phase of assessments. There is also regular contact and

sharing of information with other authorities in relation to the assessment process and the evaluation of criteria.

- 2.3 This process allows schools to demonstrate that they have met the standard required, but it does not grade the quality of the assessments. Consequently, it is not possible to rank schools against each other, although it is possible to identify schools that have submitted self-assessments that are of a high standard.
- 2.4 The DCFS have issued certificates to schools that have met the standard. Schools have invested considerable effort into meeting the standard, and the Committee may wish to consider whether, with the agreement of the schools concerned it would be appropriate for these certificates to be formally presented to schools in order to publicly recognise their achievement. It would also send a positive message to primary schools who will be expected to apply the standard.
- 2.5 Although the quality of assessments is not formally graded, it would be possible for the Schools Finance Team to identify schools whose assessments were of a particularly high standard.
- 2.6 Under present arrangements, schools would need to be persuaded to be 'presented' with a certificate they had already received through the post. In order to avoid this in future, it would be necessary to reach agreement with the DCFS to send the certificates to the authority in the first instance.

### **3. Sharing of Good Practice Identified as a Result of Audit Visits**

- 3.1 Full audits of individual schools are not routinely carried out. If a school is felt to be at risk, an audit is carried out, but clearly these audits do not generally identify outstanding performance. It is therefore difficult, based purely on audit work, to identify and acknowledge those schools which are excelling on all aspects of financial management. However, the themed audits that have replaced routine school visits provide an opportunity to recognise and share good practice. Each themed audit covers a key risk area, e.g. school trips, physical security, procurement. Each audit involves checks at a sample of schools. Good practice from these reviews is already shared with schools by including summaries of the main points arising, in the publication 'Audit Matters'. This is a two-page newsletter to schools published twice a year by Internal Audit & Risk Management. Until now, these summaries have not named individual schools, and the articles have tended to be quite short because of competing topics which need to be included in the newsletter.
- 3.2 When non-compliance with contract standing orders was identified as a specific issue from audit work at schools, this was incorporated into the programme of training for schools. There is clearly scope for developing this approach further in relation to issues arising from themed audits. Internal Audit & Risk Management also share experience and good practice with other local authorities
- 3.3 Sharing of good practice with schools could be given a higher profile by:

- increasing the size of the newsletter or the frequency of publication. This would reach headteachers, Chairs of Resources and Chairs of Finance at schools, but not all school governors. It would involve a greater use of paper and additional printing costs; and
- including summaries of good practice from themed audits on the audit website, and using 'Audit Matters' to flag up the addition of new information to the website. This could potentially reach a wider audience than 'Audit Matters', including all school governors, but they would need to make the effort to go to the website. However, once there, they would also have access to good practice arising from previous audits. This would be of advantage to new governors or headteachers.

3.3 Devoting more space in the audit newsletter and using it to signpost to more detailed information on the web-site is a cost effective way of showcasing good practice.

## 4. Conclusion

- 4.1 There is an existing mechanism (FMSiS) for identifying schools that have attained a required financial management standard, although this does not necessarily denote excellence. Schools that achieve this standard receive a certificate. There is scope for marking this achievement in a more formal way, and for identifying and recognising schools that have made submissions which are particularly strong. The Committee is asked to decide whether a more formal presentation of FSIS certificates should be explored by the County Council with schools.
- 4.2 Because full audits of individual schools are not routinely carried out, it is difficult to identify and acknowledge those schools who excel on all aspects of financial management. Good practice on key aspects of financial management is identified on themed audits and is shared with other schools by way of a newsletter. There is scope for placing more emphasis on the sharing of good practice with inevitable benefits for all schools, and subject to the Committee's views, steps will be taken to develop this opportunity further.

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