

# AUD ✓ TL MATTERS

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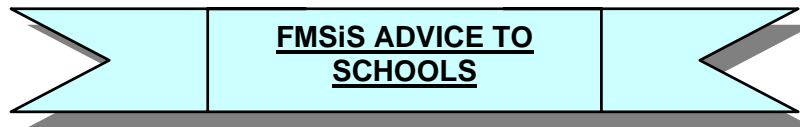
HEADTEACHER

BURSAR

FMSiS LEAD GOVERNOR

Issue No. 4

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**Welcome to the fourth FMSiS-specific Audit bulletin. Hopefully you'll find it a useful source of information, especially those schools aiming to achieve the Standard by March 2009, and secondary schools facing re-assessment by March 2010.**

## Cohort Two Results (March 2008)

We are still collating results for the externally assessed schools, however results so far of the cohort two assessments of the Authority's 117 Primary & Special Schools required to meet the Standard by March 2008 are as follows:-

79 Schools were deemed to have met the Standard via Internal Audit Light-Touch assessment (68%)

22 Schools were deemed to have met the Standard through formal external assessment (19%)

8 Schools where the results are still to be confirmed by external assessors (6.5%)

8 Schools were deemed to be non-compliant with the Standard (6.5%)

Whilst in several cases the assessment pass was initially withheld for a short period pending receipt of further information, the final results are very positive and are testament to the hard work and effort of school staff and governors. Those schools measured as meeting the Standard should be rightly proud of their achievement.

We can only speak for the schools that went through the Internal Audit's Light Touch Assessment (LTA) when we say that many schools, although finding the thought of preparing and gathering information ready for the assessment daunting, have commented that they have actually found the whole process beneficial.

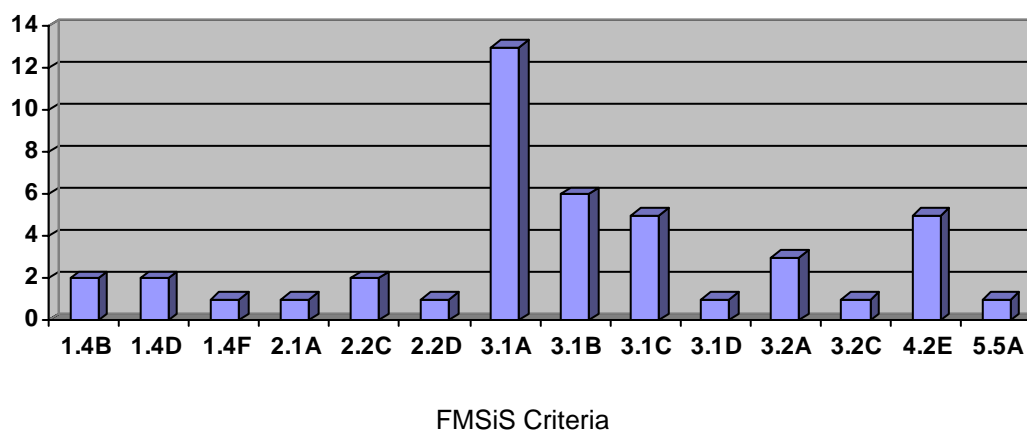
## What went well

The input and support from some secondary school colleagues and the support within the various development groups has been invaluable. Self – assessments templates (G4s) were by and large well completed, and evidence portfolios well referenced. It is evident from the evidence provided that many schools started the process early and engaged a

governor to assist in preparation and gathering information. Schools by and large were noted to have excellent Finance Policies, Governor Induction Handbooks, and procedures for the ongoing training and development of governors.

### Areas for improvement

The chart below shows individual areas within the Standard where the evidence provided during the LTA did not satisfy the Standard and resulted in some cohort two schools receiving 'narrow fails', and consequently having to do further work in a short timescale. As can be seen, the area that caused most concern was section 3.1. This section relates in part to the school development plan and requires each school to have a costed, three year school development plan and for there to be a clear link to a three year budget plan for the financial implications highlighted. Schools are reminded that the school's multi-year budget should be the financial expression of the school development plan.



Some schools were under a misconception that the LA did not require sight of the Best Value Statement or Statement of Internal Control. The Standard requires that the LA receives a copy of the school's Best Value Statement whereas a copy of the Statement of Internal Control (SIC) is required if issues / weaknesses have been identified on it. To fully meet the Standard these documents must be submitted, if relevant.

### **Cohort Three Schools – March 2009 (Primary & Special Schools)**

#### **WHERE SHOULD YOU BE AT?**

The best advice to give is if you haven't already started to prepare to meet the Standard, start now. This is particularly important due to the number of policy documents and procedures that require evidence of governor approval. For schools that have termly meeting of the governing body there aren't that many meetings left before you'll be required to submit your self-assessment confirming having approved policies and procedures in place. We are aware from speaking to some of the cohort two externally assessed schools that adverse comment was made by assessors regarding policies and procedures that had only recently been approved and therefore had not had time to become embedded in general practice.

Having said this it is important that the school is self-assessing against the latest version of the Standard. The FMSiS web-site was recently updated by the DCSF (April 2008).

The DCSF have advised LA's that there are no significant changes to the Standard itself but that the supporting toolkit has been enhanced. Additionally, the toolkit now includes a search facility to aid schools in finding useful information sources.

We are now in a position to confirm that a limited amount of time has been set aside in the 2008/09 Audit Plan to provide cohort three, **qualifying** schools with the Internal Audit Light Touch Assessment (LTA) option as an alternative to formal external assessment, and at no cost. Schools qualifying for LTAs may still elect by choice to be assessed externally. Schools must meet **all** of the following criteria, by 30<sup>th</sup> June 2008 to qualify for the light touch approach:

- ◇ an audit opinion at the last routine audit visit of at least "above the standard that we measure against";
- ◇ the school has been audited in the last 36 months (i.e. we couldn't rely on an audit opinion that was, say, five years old) – in practice this will mean those schools audited in the period 1<sup>st</sup> July 2005 to 30<sup>th</sup> June 2008;
- ◇ the school returned a completed action plan to the LA following its last audit visit;
- ◇ the school runs SIMS FMS6 as its accounting package;
- ◇ the school has a balanced budget; or alternatively has an approved deficit, and its current financial position is broadly in line with the terms of the approved deficit.

We shall be writing to all cohort three schools at the end of the Summer Term to inform them if they are required to appoint an external assessor or if they qualify for a LTA. If the latter, we will ask you to confirm your intended method of assessment (LTA or formal external assessment). Schools not eligible for light-touch assessments will be required to seek formal external assessment from one of the accredited external assessors listed on the FMSiS web-site [www.fmsis.info/](http://www.fmsis.info/) Schools will be required to meet any costs of external assessment from their delegated budgets.

For those schools that qualify and opt for the LTA, assessments are likely to be carried out during the period November 2008 to February 2009. It is proposed to write to those schools again during September 2008 to advise them when we require the completed G4 self-assessment to be submitted and during which month they will be assessed. For schools that require or elect for an external assessment it would be prudent to engage an external assessor at an early opportunity. Previous years have shown a huge call on demand in the final couple of months.

Regardless of whether a school qualifies and accepts an LTA or appoints an external assessor the level of work required in preparation for being assessed is identical.

The CYP Finance Service is offering to provide input to any governor briefing sessions that you may be planning or can provide FMSiS workshops at development group level. If you are interested in either please contact the CYP Finance Service (☎ 0116 3057707). As stated earlier, the main problem that we encountered when doing cohort one and cohort two assessments was with regard to Section 3.1(A) of FMSiS, and in particular the financial link between the School Development Plan (School Improvement Plan) and the annual and medium-term budgets. Some schools were unable to prove to our satisfaction the link between the SDP and the budget. We offer the following pointers as general advice:-

- ◇ the SDP should cover a period of at least three years;

- ◇ the SDP should be costed with estimates for all major items of proposed expenditure / development / staffing resource, including capital expenditure;
- ◇ the SDP and multi-year budget should be formally approved by the governors;
- ◇ the estimated costs for each year as per the SDP should be easily identifiable in the multi-year budgets (or in the supplementary working papers).

**Schools will not be able to achieve the Standard if the financial link between the SDP and the school budget is not clearly demonstrable.** In our opinion, most schools have a need to develop this link yet further. The FMSiS toolkit ([www.fmsis.info/](http://www.fmsis.info/)) contains a great deal of advice and information. One document in particular is R116 'A Guide to Linking your School Development & Financial Planning' which schools may find useful.

### **Re-assessment for Secondary Schools - March 2010 – Cohort Four**

Come March 2010 it will have been three years since you were required to be assessed against the Standard and will be time to be re-assessed. There will have been slight changes to the Standard but in essence it's still the same. Hopefully second time around won't seem as overwhelming. Some little, yet important, bits of advice:-

- ◇ Review your self-assessment on at least an annual basis to ensure you still feel that you meet the Standard;
- ◇ Ensure your FMSiS portfolio is kept up-to-date for example with latest minutes where important issues such the budget, policies and continuation of LA services were approved;
- ◇ Ensure those processes that require completion annually are indeed taking place annually (e.g. the signing of the Statement of Internal Control). It is likely that the assessor will require evidence of this for each year between assessments. It would be frustrating if an assessor criticised a School in 2010 for not having a Statement of Internal Control for 2008 and 2009.

### **Ask the Auditor**

Q - *"Is it necessary for a governor to be present during a light-touch assessment?"*

A - We are conscious that many governors will lead busy lives, and indeed many will have full-time jobs. We appreciate fully the efforts made by some governors to be present during assessments. However, providing a school's self-assessment and evidence portfolio is complete and easily referenced, past assessments have concluded that in the main it is not necessary for a governor to be present throughout.

Q - *"Is there a minimum level of training that a finance governor should receive?"*

A - In our opinion, all governors should have attended the LA's governor induction programme "Ready, Steady, Govern". Additionally, finance governors should be encouraged to attend the LA's course "The Ins and Outs of Finance". Attendance on other courses will be dependent on their particular roles and responsibilities (e.g. SEN, FMSiS briefings etc.). Schools should remember that governor development can be through a variety of means in addition to formal training courses. For example, in our opinion all finance governors should attend an informal one-to-one session with the school bursar during which issues such as the budget setting process, understanding budget

monitoring reports etc. can be covered. Additionally, the school's governor handbook (governor induction pack) can be a useful source of information, as can the DCSF's "Guide to the Law for School Governors" - available from the Governornet web-site ([www.governornet.co.uk](http://www.governornet.co.uk)). Additionally, the LA provides lots of information to governors through the "Leicestershire Governor" publication, briefings for Chairs and Clerks, and via the Electronic Information Service (EIS). The LA has distributed user-ids and passwords to all schools enabling governors to access EIS remotely.

### **Help Is At Hand**

Although we have produced this bulletin the Audit Section **cannot** give detailed advice to schools on an individual basis on how to meet the Standard due to its role as assessors, and thus the need to retain a certain independence from the preparation for assessment process (i.e. we have to be able to demonstrate that we're not assessing areas of the Standard that we have been directly involved in the completion of).

The FMSiS web-site ([www.fmsis.info/](http://www.fmsis.info/)) contains a lot of useful information to help schools to achieve the Standard. This web-site should be a school's first port of call to resolve any queries. Secondly, the school's Assistant Accountant in the Finance Service is well placed to offer good advice, as are a school's link high schools / secondary schools, which have already gone through the assessment process in Cohort One.

The LA's Electronic Information Service (EIS) also has a dedicated FMSiS page which contains a lot of useful advice, including some documents shared by other schools (e.g. governor handbook) and previous editions of this bulletin.

Please follow this route from the EIS homepage to access the FMSiS page:

Websites > Finance > Financial Management Standard in Schools

And finally.....

The DCSF have recently undertaken a retendering exercise for the external assessment contract. Details of those companies accredited to provide external assessments can be found on the DCSF's Value for Money website [www.dfes.gov.uk/valueformoney](http://www.dfes.gov.uk/valueformoney) . Go to 'Financial Management' and 'external assessment'.

We are aware that many schools that have already gone through the assessment process have used a company called Alaric. We would like to point out that this company is no longer undertaking external assessments.