

**DFES FINANCIAL MANAGEMENT STANDARD IN SCHOOLS (FMSIS) -
HERTFORDSHIRE APPROACH TO SUPPORTING SCHOOLS**

Report of the School Funding Manager

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1. Purpose

- 1.1 To inform the Schools Forum of the authority's strategy for supporting schools and governors in working towards achieving the Financial Management Standard in Schools (FMSIS) from 2007/08 onwards. To obtain initial comments from members on this strategy.
- 1.2 To obtain suggestions from the Schools Forum on any further areas which members wish to be considered in supporting schools to achieve the FMSiS.

2. Background

- 2.1 The Financial Management Standard & Toolkit was developed and released to schools by the DFES as a self management package in June 2004. The DFES regards the Standard as a simple statement of what a school that is financially well managed should look like, and it is intended to cover standards and processes that the DFES believes should already be in place in schools.
- 2.2 In July 2005 the Government announced its expectation that all secondary schools should have met the Standard by 31 March 2007. In March 2007 the DFES announced that authorities must extend the application of the Standard to 40% of all primary, middle and special schools by March 2008, to a further 40% by March 2009 and to the remaining 20% by March 2010.

3. Strategy for Supporting the Financial Management Standard

- 3.1 The Authority is committed to supporting schools in achievement of the Financial Management Standard, building upon the provision of support and guidance to date, such as briefing sessions and training opportunities for members of schools' leadership teams. The authority recognises that the requirements of the Standard may place additional workloads on schools.
 - 3.1.2 The authority is also committed to offering schools choice wherever possible, and therefore has provided a choice of assessment processes.

3.2 Information

- 3.2.1 The authority will continue with its strategy of informing schools about the Financial Management Standard. In 2005, all schools were written to introducing and explaining the requirements of the Standard, and were sent the DFES Financial Management Standard training booklet used by the National Bursars Association on their 2005 briefing sessions.
- 3.2.2 Since November 2005, all HCC schools have been written to inviting them to FMSIS overview sessions, either facilitated or delivered by the authority. To date over 300 schools across all sectors have attended these sessions. Further, since 2006, all schools have been invited to workshops enabling them to complete their FMSIS self-assessments on-line. Approximately 120 schools have attended to date. These workshops have been particularly successful, acting as the catalyst for schools commencing their self-assessments.
- 3.2.3 Reference to the Standard, including links to the FMSIS toolkit, Internal Audit supplementary guidance and other related links such as FMSIS training can be found on the FSS website: http://www.thegrid.org.uk/info/traded/financial/standard_in_schools/index.shtml

3.3 Guidance

- 3.3.1 In supporting schools in meeting the Standard, and as a response to findings from the FMSIS assessments in secondary schools carried out during 2006/07, Internal Audit is developing the following guidance for schools:
- a “Best Practice Pack” showing real examples of the evidence available within Hertfordshire schools, which demonstrates how they meet the FMSIS
 - a model set of school financial procedures. (A school must have a local financial procedures manual in order to meet Standard 5.5)
 - the model school Schedule of Financial Delegation will be updated to incorporate the FMSIS and other requirements
 - a methodology for schools to assess potential risks within their financial systems and thereby determine the extent of self-evaluation of these systems that they need to undertake each year. (Standard 5.7 requires schools to undertake a self-evaluation of their financial systems in any year that an independent audit does not occur and is needed to support the annual completion of a Statement of Internal Control – Standard 1.4)

The above guidance will be available to schools by the start of the autumn term, and is in addition to the supplementary guidance document produced by Internal Audit last year, which has recently been updated to take account of 2007 revisions to the Standard. This guidance can be found on The Grid. <http://www.thegrid.org.uk/info/sfu/publications.shtml>.

These documents are provided free of charge to schools.

- 3.3.2 Internal Audit will publish their key findings following reviews of FMSIS in Hertfordshire's secondary schools via the FSS website by the end of July.

3.4 Relevant Support

- 3.4.1 The authority will continue to provide opportunities for Head teachers, Governors and schools' finance staff to attend FMSIS overview briefings and workshops. In addition, financial management training courses, delivered by the Financial Services for Schools team,

are now structured around the requirements of the Standard. (The opportunity to attend financial training courses is requirement 2.1 of the Standard).

3.4.2 The authority is keen to develop governor awareness about the Standard. Overview briefings and workshops have been advertised to all schools, making specific reference to members of Governing Bodies. Twilight/early evening sessions have also been arranged with the intention of facilitating governor attendance. It is however apparent that relatively few governors are aware of the Standard. Our strategy for 2007/08 onwards will look at improving governor awareness about the Standard, which will include localised briefing sessions, commencing in the autumn term, at no additional cost to schools and relevant information in the Autumn term governor magazine.

3.4.3 The authority also offer a consultancy service specifically aimed at supporting schools with achieving the Financial Management Standard. This support has been communicated to schools alongside the 2007/08 School Budget Shares.

3.4.4 The Financial Services for Schools minimum standards in respect to its in-school support contracts with primary, special and middle schools are currently being reviewed to ensure they reflect those requirements of the Standard that impact on the service, such as financial monitoring and reporting protocols. Minimum standards in respect to budget preparation and financial planning support services are also being reviewed to ensure they mirror the requirements of the Standard. Any changes will be in place by the start of the Autumn term.

3.4.5 Key officers in the authority have been and will continue to be trained in the requirements of the Standard, including the evidence required to achieve compliance. To date all members of the Financial Services for Schools management team and Internal Audit schools team have been accredited as FMSIS assessors. All members of the FSS team will receive update training on the Standard at the start of the autumn term, enabling them to talk schools through the process and support schools at a basic level in working towards the Standard.

3.5 Support for Self-Assessment

3.5.1 The authority is continuing with its strategy of offering FMSIS self-assessment workshops to all primary, middle and special schools. Schools have been written to advertising the training, placing particular emphasis on those schools due for assessment during 2007/08. (Approximately half the schools due for audit this year are yet to attend either a FMSIS overview or workshop session). Workshops have also been advertised in the autumn term schools support staff training booklet, and through the monthly governor training e-mail.

3.6 Choice

3.6.1 Schools have the following options from which to choose an assessment process to meet their needs:-

1. A "light touch" assessment against the FMSiS by Internal Audit
2. Formal external certification by Internal Audit
3. Formal external certification by an organisation accredited by the DfES
4. Formal external certification by a (commercial) organisation accredited by the Authority's Finance Director.

3.7 Delivery of FMSIS Assessments

3.7.1 Internal Audit does not currently have sufficient resource to carry out FMSIS assessments in the 40%, (175 schools), of primary, special and middle schools required to have met the Standard by 31st March 2008. Consequently it has been agreed that Internal Audit shall be supported by experienced members of the Financial Services for Schools (FSS) team. This approach is reliant on recruiting staff to back-fill contracts released by FSS staff undertaking

FMSIS assessments.

- 3.7.2 To prevent any potential conflict of interest, FSS staff will not undertake any FMSIS assessments in schools that they support, or in schools that are supported by their own area team. Further the FSS provision will only be available between June and February each year, ensuring FSS has its full capacity available to support schools at the key times in the budgeting cycle of year end closure of accounts and budget preparation. The appointment of two additional 'back-fill' Financial Advisers will add further capacity to FSS during these critical periods.
- 3.7.3 The overall resource for FMSIS assessments will be reduced during the period February to June when members of Financial Services for Schools staff supporting Internal Audit return full-time to FSS. Fewer schools will therefore be impacted on in relation to assessments against the Standard over this busy period.
- 3.7.4 The audit assessment process will link into other key priorities of the authority to ensure a coordinated approach to the way the authority works with schools, and attempt to minimise the burden on schools.
- 3.7.5 The authority will ensure that the requirements of the FMSIS assessment process are incorporated into the Authorities data collection calendar for schools, enabling schools to be aware of and plan for the impact of any potential additional workloads.

4. Conclusion

- 4.1 The authority has responded to concerns expressed about the impact of the Standard on schools and the support required by schools enabling them to meet the Standard.
- 4.2 Forum members are asked to comment on and endorse the authorities approach to supporting schools in achieving the Financial Management Standard as proposed in this paper.