
Meeting: Schools Forum
Date: 24 January 2011
Subject: Financial Management Standard in Schools Update
Report of: Deputy Chief Executive and Director of Children's Services
Summary: To update the Schools Forum on the DfE announcement regarding the Financial Management Standard in Schools (FMSiS) and to seek approval for continued DSG funding to deliver a rolling programme of assessments against the simpler standard. This arrangement excludes Academies.

Contact Officer: Kathy Riches, Head of Audit, Technology House, Bedford
Public/Exempt: Public
Wards Affected: All
Function of: Council
Reason for urgency (if appropriate)

RECOMMENDATIONS:

The Schools Forum is requested to:

- 1. Note that the Financial Management Standard in Schools (FMSiS) in its current form is no longer mandatory and is to be replaced by a simpler standard.**
- 2. Approve the continued top sliced DSG funding of £38,231 for the financial year 2011/12 only to fund the revised standard to be introduced during 2011/12. (Funding was previously agreed by Schools' Forum to fund FMSiS reassessments).**

Background

1. The Financial Management in Schools (FMSiS) was a mandatory requirement, introduced during 2006/7, to provide assurance to the Department, HM Treasury, National Audit Office and local authorities that schools have adequate arrangements in place to manage their resources effectively.

2. The Government has acknowledged that the assessment regime was burdensome to schools and it was announced on 15th November that the FMSiS is no longer mandatory. However, the Government recognises the importance of ensuring schools have the right arrangements in place to manage their budgets effectively and the Department for Education (DfE) will work with interested parties to develop a new simpler standard. The DfE hopes the replacement system will be introduced before the summer of 2011. The DfE has also indicated that it expects schools that have failed to achieve the FMSiS standard to be amongst the first to achieve the new standard. This is set out in The Schools White Paper 2010.
3. At the time of the announcement, 98 of Central Bedfordshire's 137 had met the FMSiS standard and most of the remaining schools had assessments in progress. The Council has been contacting these schools to confirm whether these reviews should be completed. The majority of schools have requested that assessments in progress be finalised and work is currently underway to complete these.
4. Prior to the Government's announcement, the Council had already recognised that the FMSiS regime was onerous on schools and the Schools' Forum agreed in June that schools due for reassessment would be assessed using a lighter touch risk based approach in future. It is anticipated that the new simpler standard will be consistent with this approach.
5. The Schools' Forum agreed in June to the top slicing of DSG to fund the rolling programme of light touch reassessments against FMSiS. This work is additional to the core function of Internal Audit. Maintaining the funding would enable the programme of assessments to continue against the simpler standard.
6. The assessment of maintained schools against the simpler standard will be consistent with the Schools Audit Strategy presented to the Schools' Forum in June 2010.

Conclusion

7. The continuation of top sliced DSG funding will enable Internal Audit to undertake the assessment of maintained schools against the simpler financial management standard to be introduced in 2011/12. This arrangement excludes Academies.