

Compliance

Stats from
November 2018 to October 2019

Steve Walter

Compliance – Why ?

- Introduction of SFVS (self-assessment)
- Need to provide assurance to:
 - KCC Corporate Director of Finance & Procurement
 - the DfE
 - KCC External and Internal Auditors

that schools have appropriate & robust financial controls in place to manage their resources and ensure that financial transactions are accurate and reasonable

Compliance Overview

- 3 Year Rolling Programme
- How is the school notified of a visit
- Pre Visit
- Up to Two Days in School – One day normal
- Feedback to HT / Bursar
- Report with Recommendations/SFVS links
 - Requires Action – Timely management action
 - Critical – Immediate management action
- Follow up process

Recommendation Example

Governance: General			
Rationale / Expected Control		Risk	
<p>Governors have the necessary financial skills to fulfil their role of challenge and support in the areas of budget management and value for money</p> <p>All Compliance reports are submitted to the Governing Body and the governors ensure the recommendations are actioned.</p> <p>Schools Financial Value Standard (SFVS) requires the School to formulate a plan to address the issues and weaknesses, and ensure that they are addressed promptly.</p>		<p>Where governors do not have the necessary financial skills, there is an increased risk that they do not fulfil their role of challenge and support in the areas of budget management and value for money</p> <p>The School continues not to adhere to the KCC Scheme for Financing Schools.</p>	
Priority	Recommendation	Summary of Findings	Detailed Findings
Immediate Action	(Ref: 1.02b) The Governing Body should ensure that all recommendations in this report are actioned by school management (SFVS Q20).	There were recommendations made on the previous compliance report that are also made on this report.	See Recommendations 3, 5, and 7 Completion date agreed as 31-Jan-19.
Requires Attention	(Ref: 1.01d) The Governing Body should review the training records and skills matrix for governors to identify any knowledge gap to ensure there is at least three Governors with competent financial skills(SFVS Q1).	There were less than three Governors that had a minimum "competent" rating for financial knowledge.	only 2 Governors evidenced as being competent Completion date agreed as 31-Jan-20.
SFVS	The above Recommendation(s) need to be taken into account when completing your next SFVS Return.	For information, all Recommendations are linked to SFVS questions as indicated. In your most recently submitted SFVS Assessment these questions were answered as follows: Q.1 - Yes. Q.20 - Yes.	
Management Response			Responsibility

Areas of Compliance

- Governance
- Financial Planning
- Financial Control
- Procurement
- Payroll
- Assets
- Health & Safety

Governance

- FGB Structure
- Terms of Reference (ToR) Finance Committee
- Finance Policy
- Approval/discussion of key documents
 - 3YP/SFVS/SDP/Pay Policy/Financial Risk Register (approval)
 - Benchmarking (discussion)
- Minutes/supporting paperwork
- Business Interests
- Evidence of Governor financial skills/knowledge
- Previous compliance recommendations

Governance Recommendations

- Recommendations from previous compliance visits made again
(63%)
- Terms of Reference does not match the Finance Policy regarding financial responsibilities
(18%)
- Relevant documents are not held with the FGB minutes
(16%)

Financial Planning

- Budget - 3 Year Plan Approval
- Monthly Monitoring – min requirement six per year
- LA Submissions
- Finance Policy
- SFVS
- SDP
- Voluntary Fund

Financial Planning Recommendations

- Budgetary performance is not discussed at least termly by FGB (change to SFVS Question 3)
(16%)
- Governors do not receive the same monitoring reports that are sent to KCC
(8%)
- SFVS is not approved by FGB
(7%)

Financial Controls

- Bank (Changed in September 2019)
- Corporate Card (Changed in September 2019)
- Petty Cash
- Income
- Lettings
- Security
- System Security

Bank, Corporate Card & Petty Cash

- Cheque signatories
- BACS Authorisers (must be on Bank Mandate)
- Reconciliation of statements
- Petty Cash control

Income & Lettings

Income

- Receipted
 - Recorded in accounting system
 - Banked
-
- Lettings (All Income now coded to CFR code I08)
 - Policy with fees and charges
 - Agreements in place
 - Charges in line with Agreement
 - Banked

Security

- Cash & Cheques
- Personnel files
- Registered with ICO (Data Protection)
- Business Continuity Plan
- Staff awareness of Whistleblowing process

System Security

- Back Up Procedure
- E-safety Policy
- Virus Protection
- Authorised Access to accounting system

Financial Controls Recommendations

- Corporate Card statements not dated by reconciler to evidence timely check (41%)
- Bank Statements are not reconciled within 7 days of Bank statement date (30%)
- Corporate Card Statements not signed as authorised (15%)

Procurement

- Orders are Authorised
- Committed
- Appropriate purchase
- Adequate paperwork
- Payment Authorisation
- Value for Money – Linked to Finance Policy
- Self-employment checks
- Timely payments

Procurement Recommendations

- Orders over £100 not committed to system (44%)
- Orders over £100 not appropriately authorised (41%)
- Payments not made within the suppliers terms (15%)

Payroll

- Starters – Paid as Contract
- Leavers – Cease Payment
- Single Central Record
- PTF monthly reports

Payroll Recommendations

- Payroll reports not dated within the month of the PTF
(33%)
- Payroll reports not checked & signed in full by reconciler
(24%)
- Payroll reports not checked & countersigned in full by
the Headteacher or authorised signatory
(23%)

Assets

- Asset Register
- Sufficient details and up to date
- Annual inventory check
- All valuable assets listed in Register
- Security Marking
- Loan Register

Assets Recommendations

- Assets should be visibly security marked
(27%)
- Asset Register not checked & reviewed in the past twelve months
(27%)
- Assets could not be located that are listed in the Register
(13%)

Health and Safety

- Fire Risk Assessment / reviews
 - Asbestos Management Survey
 - Legionella Risk Assessment
-
- Reported back to KCC H&S team
03000 418456 - healthandsafety@kent.gov.uk

Health and Safety Recommendations

- Fire risk assessment – no annual evidence
(23%)
- Legionella Risk Assessment not confirmed
as dated in the last 2 years.
(6%)

Top 10 Recommendations

- 63% - Recommendations made again
- 44% - Orders over £100 not committed to accounting system
- 41% - Corporate card statements not reconciled within 7 days
- 41% - Orders not appropriately authorised
- 33% - Payroll reports not reconciled within the month of the PTF
- 30% - Bank statements not reconciled within 7 days
- 28% - SDP / SIP not approved by FGB in the last 12 months
- 27% - Asset Register not checked annually
- 27% - Assets not visually security marked
- 24% - Payroll reports not signed as reconciled

Changes to Financial Controls

KEY CHANGES Affecting Compliance

- Section 1 Bank Account
- Section 2 Budgetary Control
- Section 7 Orders for Goods
- Section 9 Salary

Schools using SFS contracts staff should make themselves aware of their SLA

To stay compliant, in particular:-

- The payroll must be school checked within the pay month to verify employees and hours are legitimate then signed and dated.
- Corporate card statements must be signed by the cardholder and the documents made ready for processing.

2019 SFVS feedback

- A review of your answers.....

SFVS – 2019 return

- There were 343 eligible schools
- 25 “No” answers (16 Schools)
- 131 “In Part” answers (67 Schools)
- 210 schools answered “Yes” to every question

8575 Questions answered

SFVS – 2019 return

Top “No” Answers

Q16	Are balances at a reasonable level	4
Q 9	Has the use of professional independent advice informed part of the pay decision process in relation to the headteacher	3
Q14	Does school carry out Benchmarking	3
Q17	Does school maintain premises and assets to an adequate standard	3

SFVS – 2019 return

Top “In Part” answers

Q 25	Business Continuity Plan	16
Q 20	Maintain Premises	14
Q 17	No Outstanding Matters	12
Q 1	GB has adequate financial knowledge	8

SFVS is changing

- The SFVS for 2019-20 now has 29 questions on the “*Checklist*” tab and a “*Dashboard*” tab for identifying areas for improved resource management – both of these tabs are **mandatory**
- There is a “*Input raw data*” tab which may assist in calculating ratios and percentages required in the “*Dashboard*” – This tab is **optional** (but is very useful and we recommend using it)

SFVS is changing (cont)

- 22 questions are exactly the same but some have been renumbered
- 3 questions removed (old Q no. 3, 9 & 19)
- 7 new questions have been added, the new questions are numbered 10,11,16,19, 21, 24 & 29
- The New SFVS can be found on the KELSI website in the ***School Finance / Returns & Monitoring*** section. It is highly recommended that you familiarise yourself with these changes, they are comprehensive.

SFVS is changing (cont)

Compliance implications

- **Question 3** (4 in old money) – Monitoring requirement changed from three times a year to six.

Compliance will accept six minuted FGB or Committee minutes / monitoring pairs as evidence

The new SFVS form

Let's have a look

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