

Scope and Ambition

This review is based on responses in the finance section of the self-assessment questionnaires, completed by 15 schools, during May 2022 to March 2023. Responses were received from 4 secondary/all through schools and 11 primary schools, together with Powys County Council Schools’ Finance Support Team.

The objective was to ensure that the school has established a formal budget planning process and that performance against budget is reported regularly, with appropriate action taken to correct significant variances. The specific aim of this thematic review is to summarise and highlight the key themes that were evident in responses.

Key Findings

	There is a difference in opinion between the School and School Service as to what a realistic and sustainable budget looks like. Further guidance should be given to help gain a co-ordinated approach to budget strategies.
	It was displayed within the questionnaire that Primary school’s hand reasonable control over the budgets, however all through school and High schools struggled with the current budgetary restrictions.
	Not all schools are procuring in line with the Councils rules. Valid VAT invoices are not being consistently attached within the Barclaycard system and purchase orders are not always being raised before a purchase has been made.
	Approved financial reports are sent monthly to the schools with 80% of schools always checking payroll expenditure monthly. A third of schools sent monthly accounts to the Finance team. Greater visibility would enable the central team to give additional support to school-based staff in areas of concern.
	67% of the schools felt they were supported by the Finance team. 73% of the schools gave ratings of 4 or higher (5 being excellent).
	It was felt that less than 50% of the schools fully engage with the central finance team. 60% of all schools received a rating of 3 or lower.

Overview of Governance Assessments



- Assessed not to be in place/ operating ineffectively – requires significant improvement.
- Assessed to be partially in place – requires improvement.
- Assessed as in place/ operating effectively.

Gradients are used where there is a mixed assessment of the controls in place, for example when most controls are in one area with a few important findings in another.

Theme 1: Finance		To ensure that the school has established a formal budget planning process and performance against budget is reported regularly, appropriate action is taken to correct significant variances.	Inherent Risk										
Control Assessment:	SSA Fin1	Findings in Support of the Assessment:											
<p>The school has a realistic, sustainable, and flexible financial strategy in place for at least 3 years, based on realistic assumptions about future funding, pupil numbers and pressures. There are appropriate procedures in place to create a realistic spending plan.</p>		<p>Schools Responses: 13 – yes; Explanations provided for the remaining 2 schools:</p> <ul style="list-style-type: none"> No - as we're in the transformation process so our budget is just up to August 2023 Balanced budget has been set but not licenced this year due to the failure of PCC to fund support needed for pupils with ALN and disabilities. <p>(Neither of these 2 schools have a deficit budget.)</p> <p>Finance Team Responses Yes- 10, No- 5</p> <p>Although most schools are said to have a financial strategy in place, it is clear there is a difference in opinion between the schools and the central teams as to whether there is a realistic, sustainable and flexible plan in place.</p> <table border="1"> <tr> <td>Have the school submitted a 3-year budget forecast?</td> <td>Yes – 12; No -3</td> </tr> <tr> <td>Is the school running with a deficit balance?</td> <td>Yes – 4; No-11</td> </tr> <tr> <td>Is the deficit budget licensed?</td> <td>Of those who replied 'yes' to previous question: Yes – 1; No - 3</td> </tr> <tr> <td>Have the school produced an approved Recovery Plan/Business Case for the deficit budget?</td> <td>Of those who replied 'yes' to running with a deficit balance: Yes – 0; No -4</td> </tr> <tr> <td>Have the school submitted a 3-year budget forecast?</td> <td>Yes – 12; No -3</td> </tr> </table>		Have the school submitted a 3-year budget forecast?	Yes – 12; No -3	Is the school running with a deficit balance?	Yes – 4; No-11	Is the deficit budget licensed?	Of those who replied 'yes' to previous question: Yes – 1; No - 3	Have the school produced an approved Recovery Plan/Business Case for the deficit budget?	Of those who replied 'yes' to running with a deficit balance: Yes – 0; No -4	Have the school submitted a 3-year budget forecast?	Yes – 12; No -3
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Have the school submitted a 3-year budget forecast?	Yes – 12; No -3												

Control Assessment:	SSA Fin2	Findings in Support of the Assessment:
<p>Monthly financial reports are received from Powys Finance Department together with Collaborative Planning reports, which are monitored and approved by the Headteacher. There are controls in place to ensure that the schools monitor the budgetary spending.</p>		<p>Responses from the schools indicated that Schools received regular accounts reports from the finance team. It was commented from one of the central finance teams that Schools also have access to Collaborative Planning which provides up to date financial information and is updated daily.</p> <p>All schools had their last financial surgery either in the Spring or Autumn 2022.</p>

Control Assessment:	SSA Fin3	Findings in Support of the Assessment:																	
Approved monthly accounts are sent through to the finance team. There is viability of the schools spending on a regular basis.	There was a mixed response regarding whether reports are sent monthly to the Central Team.																		
	Responses from the Schools		Responses from the Finance Team																
	<table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>5</td> </tr> <tr> <td>Mostly</td> <td>4</td> </tr> <tr> <td>No</td> <td>6</td> </tr> </tbody> </table>	Response	Count	Yes	5	Mostly	4	No	6	<table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>5</td> </tr> <tr> <td>Mostly</td> <td>3</td> </tr> <tr> <td>Sometimes</td> <td>3</td> </tr> <tr> <td>No</td> <td>4</td> </tr> </tbody> </table>	Response	Count	Yes	5	Mostly	3	Sometimes	3	No
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Control Assessment:	SSA Fin4	Findings in Support of the Assessment:								
Payroll expenditure reports are checked monthly, this includes any additional payments. There is visibility of payroll procedures monthly to help prevent fraudulent transactions.	The responses display that 80% of the schools have monthly reviews of the expenditure reports. Although, others review them less frequently there is visibility over payroll expenditure reports.									
	<p style="text-align: center;">Are Payroll reports are reviewed on a monthly basis</p> <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Sometimes</td> <td>1</td> </tr> <tr> <td>Mostly</td> <td>2</td> </tr> <tr> <td>Yes</td> <td>12</td> </tr> </tbody> </table>			Response	Count	Sometimes	1	Mostly	2	Yes
Response	Count									
Sometimes	1									
Mostly	2									
Yes	12									

Control Assessment:	SSA Fin5	Findings in Support of the Assessment:	
The school has confirmed that IR35 is applied to any off payroll working.	Where IR35 was relevant only one school stated that IR35 was not applied, however 6 other schools confirmed this was in place.		

Theme 2: Procurement		All purchases are made in line with Financial Regulations	Inherent Risk										
Control Assessment:	SSA Proc1	Findings in Support of the Assessment:											
There is a clear segregation of duties with all purchases being approved by a secondary officer. This helps to prevent fraudulent or unapproved transactions		All schools confirmed that there was clear segregation of duties when procuring goods and services.											
Control Assessment:	SSA Proc2	Findings in Support of the Assessment:											
Invoices are attached within the Barclay Card system, with VAT invoices being used when claiming back the VAT. This is in line with Powys Policies.		The majority of schools confirm that valid VAT invoices were attached within the system. The responses are shown in the graph below. Valid VAT invoices are attached in the Barclaycard System <table border="1"> <caption>Valid VAT invoices are attached in the Barclaycard System</caption> <thead> <tr> <th>Response</th> <th>Number of Schools</th> </tr> </thead> <tbody> <tr> <td>No</td> <td>1</td> </tr> <tr> <td>Mostly</td> <td>4</td> </tr> <tr> <td>Yes</td> <td>10</td> </tr> </tbody> </table>		Response	Number of Schools	No	1	Mostly	4	Yes	10		
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Control Assessment:	SSA Proc3	Findings in Support of the Assessment:											
Monthly reviews are undertaken by the budget holder on purchases. To ensure that there is visibility of spending, and that no fraudulent purchases have been made.		The 10 schools review purchases monthly, however 5 schools review this weekly to ensure no fraudulent purchases have been placed. Frequency of reviews are undertaken on purchases <table border="1"> <caption>Frequency of reviews are undertaken on purchases</caption> <thead> <tr> <th>Frequency</th> <th>Number of Schools</th> </tr> </thead> <tbody> <tr> <td>Monthly</td> <td>10</td> </tr> <tr> <td>Weekly</td> <td>5</td> </tr> </tbody> </table>		Frequency	Number of Schools	Monthly	10	Weekly	5				
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Control Assessment:	SSA Proc4	Findings in Support of the Assessment:											
All purchase orders are raised before goods and services are received. This is in line with Powys No Po No Pay policy.		There is a mixed approach to raising purchase orders before goods and services are received. This is not in line with the Councils Procurement Rules. Purchase orders are raised before goods and received <table border="1"> <caption>Purchase orders are raised before goods and received</caption> <thead> <tr> <th>Response</th> <th>Number of Schools</th> </tr> </thead> <tbody> <tr> <td>Other</td> <td>1</td> </tr> <tr> <td>No</td> <td>2</td> </tr> <tr> <td>Mostly</td> <td>6</td> </tr> <tr> <td>Yes</td> <td>6</td> </tr> </tbody> </table>		Response	Number of Schools	Other	1	No	2	Mostly	6	Yes	6
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Other	1												
No	2												
Mostly	6												
Yes	6												

Control Assessment:	SSA Proc5	Findings in Support of the Assessment:						
All invoices are passed for payment within 10 days of receiving them		<p>It was confirmed by the schools that most invoices were processed on a timely basis.</p> <p style="text-align: center;">Invoices passed for payment on a timely basis</p> <table border="1"> <caption>Data for Invoices passed for payment on a timely basis</caption> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Mostly</td> <td>2</td> </tr> <tr> <td>Yes</td> <td>13</td> </tr> </tbody> </table>	Response	Count	Mostly	2	Yes	13
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Theme 3: Income	Appropriate procedures and controls are in place for monies due direct to the school budget.		Inherent Risk
Control Assessment:	SSA Inc1	Findings in Support of the Assessment:	
The school is used for lettings.		All Schools who specific that they had lettings had a letting policy.	

Control Assessment:	SSA Inc2	Findings in Support of the Assessment:										
Invoices are raised to collect outstanding debt.		<p>There is a mixture of ways schools raise invoices.</p> <p style="text-align: center;">Methods used by the Schools when raising invoices</p> <table border="1"> <caption>Data for Methods used by the Schools when raising invoices</caption> <thead> <tr> <th>Method</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Unknown</td> <td>3</td> </tr> <tr> <td>In-house using efinancials</td> <td>1</td> </tr> <tr> <td>In-house by school</td> <td>5</td> </tr> <tr> <td>Central School Support Team</td> <td>6</td> </tr> </tbody> </table> <p>Two schools that did not specify the method used to raise invoices had outstanding debt. However, it is noted that this debt is less than £200.</p>	Method	Count	Unknown	3	In-house using efinancials	1	In-house by school	5	Central School Support Team	6
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Theme 4: Unofficial Funds		Sound controls are maintained, and appropriate procedures are followed in relation to school voluntary funds.	Inherent Risk																																																												
Control Assessment:	SSA Un1	Findings in Support of the Assessment:																																																													
A set of annual accounts are produced and audited on an annual basis. There are checks to determine that the accounts are credible and that they provide a true and fair picture.		14 schools hold and maintain a school fund bank account. Two schools had not audited the accounts at the time the questionnaire was answered. One provided the explanation that they had lost their regular auditor during the covid-19 Lockdown.																																																													
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		Concerns surrounding the size of the balance of the unofficial funds were raised within the individual audits of each school.																																																													

Control Assessment:	SSA Un2	Findings in Support of the Assessment:	
No delegated budget money is paid into the school fund. There are controls in place to ensure that the budget is not mis-spent.		3 Schools stated that ‘Some income is received and transferred back into the budget at a later date’ however 11 schools confirmed that no delegated funding was paid into the school fund.	

Control Assessment:	SSA Un3	Findings in Support of the Assessment:	
Non-school items are not purchased from the delegated budget.		All 14 schools confirmed that non-school items are not bought from the school budget to save on the VAT.	

Engagement

Within the questionnaires that were sent, responders were asked whether they felt they were provided with enough support or engagement from the school and central teams. Below are the average scores given during the questionnaires.

Working Relationship	Responder	Average Score
School to Finance Team	School	3.93
Chair of Governors to Finance Team	Chair of Governors	3.57
Finance Team to School	Finance Team	3

Further details, including the explanations of these scores can be found in School Thematic Review- Finance Support Reviews.

A good working relationship across all areas is important to ensure that both the Council’s and Schools goals are achieved. Better collaboration will also help to share the skills and innovative ideas across both parties.

Average ratings of the working relationships, (1 being poor, 5 being excellent)

