Report to the Schools Forum
Meeting to be held on Friday 3rd July 2026

Item 7

Schools Financial Value Standards Audit Findings 2025/26

Contact for further information:
Schools Forum Clerk
schoolsforum@lancashire.gov.uk

Brief Summary
This report provides Advice for Financial Management and Governance Arrangements for SFVS Submissions following a recent audit of returns.

Recommendation
The Forum is asked to:

a) Note the report.

Background and Context

The best practice document shares information and advice based on key findings from Internal Audit's review of the accuracy and completeness of 2025/26 Schools Financial Value Standard (SFVS) submissions from the County's schools. Completion is a mandatory requirement for local authority-maintained schools, and is designed to help schools self-assess their financial management and governance arrangements, and to identify and address opportunities for improvement.

The review was based around a sample of questions from the SFVS submissions, and verified information provided by 20 schools to assess compliance with the expected standards. Audit testing was conducted in April-May 2026 and covered the submissions relating to the 2025/26 academic year.

This advice is intended for those responsible for carrying out, administering, and overseeing financial management and governance arrangements in schools to consider and take any necessary action to address the issues raised.

Internal Audit's role regarding schools is described in the *Scheme for Financing Schools in Lancashire*, para. 2.6 (July 2024).

Financial Management and Governance

In order to inform effective oversight, scrutiny and challenge:

- Schools are expected to provide the governing body with at least six budget monitoring reports over the course of the academic year.

- Effective budget monitoring reports contain numerical information relating to the profiled budget, spend to date, and end of year projections, and include a brief narrative which highlights the main variances, the reasons for these, and any corrective actions.

- Governing body and committee minutes should provide a clear record of the review and discussion of budget monitoring reports.

Strategy

To support resilience in the event of disruption:

- Schools are expected to maintain an appropriate and up-to-date Business Continuity or Disaster Recovery Plan.

- Asset registers should be maintained for items requiring insurance cover, and should be reviewed and updated regularly to ensure they remain accurate and complete.

Salary Declarations

To support public transparency and accountability:

- Schools are required to publish the number of employees with gross salaries in excess of £100,000 on their websites, and where no employees meet this threshold this should be explicitly stated.

Protecting Public Money

To help ensure school funds are managed properly and identify and address any issues promptly:

- Schools are expected to arrange for the unofficial school fund to be audited annually, normally within three months of the end of the financial year.

- Where possible, the audit of the unofficial school fund should be carried out by an individual who is independent of the school and has no involvement with the fund.

Summary

Schools' SFVS self-assessment submissions are generally supported by evidence of compliance and are largely consistent with expected standards. All schools tested bought into the council's Financial Services Service Level Agreement (SLA) to some degree, with nineteen of the twenty schools having a designated finance officer to support budget setting and monitoring.

Budgets are set consistently and are approved by the Full Governing Board. Most schools provided six budget monitoring reports along with governing body minutes which demonstrate discussion of the school budget. However, some of these reports lacked sufficient narrative. Two schools did not provide any budget monitoring reports, and a small number of schools only provided some of the six reports.

Nineteen schools provided Internal Financial Regulations which are aligned to the Council’s model policy, including defined procurement rules and financial thresholds to support value for money. Most schools published salary information for employees earning over £100,000 on their websites as per statutory requirements.

However, three of the twenty schools only provided a link to the Department for Education’s Financial Benchmarking Tool and have not disclosed the number of employees earning above the threshold, which is not in line with statutory requirements. Arrangements for the audit of unofficial school funds are generally in place, with most schools obtaining external audit certification for the 2024/25 accounts. A small number of schools reported delays with the most recent audit and were therefore unable to provide the audited accounts for 2024/25. Business Continuity Plans and asset registers are maintained by most schools, although the level of detail varies.