

LOCAL AUTHORITY MONITORING ROLE

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Local Authority Monitoring Role

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Local Authority Monitoring

1 Purpose

- 1.1 The purpose of this guidance note is to advise schools of the Local Authority monitoring role and to inform them of their obligations in assisting the Local Authority in fulfilling this function.
- 1.2 The Corporate Director, Finance and Governance, is required to produce the Local Authority's accounts in accordance with statutory requirements and statements of standard accounting practice. All schools must keep sets of accounts in the prescribed format of the Local Authority and maintain internal budgetary control systems in order to produce accounts that will integrate with those for the Local Authority as a whole. See '**Budget Monitoring**' chapter

2 Local Authority Monitoring

- 2.1 The Local Authority has a responsibility for ensuring that schools are effectively managing the resources delegated to them and that arrangements are in place to monitor compliance by schools on defined key areas. These key areas include budget planning and the maximizing of resources, budget monitoring of income and expenditure levels, managing of surplus and deficit balances, appropriate reporting mechanisms to governors, reconciliation of school records with the City's General Ledger and, for schools operating the full cheque book scheme, management of cash flow balances and reconciliation with their bank accounts
- 2.2 For schools purchasing financial services from Schools Financial Services the Local Authority monitoring role forms an integral part of the 'Consultancy Service' or the 'Bursary Service' and for schools that subscribe to either of these services there is no requirement for them to undertake and submit separate Compliance Returns to the Local Authority. The only exception to this is the requirement to submit the annual governing body approved Budget Plan and the annual Self-Assessment Report for the Schools Financial Value Standard. See **Section 3** of this chapter and the '**Budget Planning**' and the '**Schools Financial Value Standard**' chapters
- 2.3 Schools that have chosen not to purchase financial services from Schools Financial Services are required to submit Compliance Returns to the Local Authority, as outlined in Section 3 of this chapter, in order that the Local Authority can ensure that its statutory responsibilities can be fulfilled and that financial probity in schools can be assured.

3 Financial Reports to the Local Authority

- 3.1 **All** schools are required to submit to the Local Authority (Schools Financial Services) a copy of the governing body approved Budget Plan by 31 May each year. This is a requirement for **all** schools irrespective of whether or not they purchase financial services from Schools Financial Services. See '**Budget Planning**' chapter
- 3.2 **All** schools are required to submit to the Local Authority (Schools Financial Services) an electronic copy of the governing body approved Self-Assessment Report for the Schools Financial Value Standard by 31st March each year. (SchoolsFinAssess@birmingham.gov.uk). This is a requirement for **all** schools irrespective of whether or not they purchase financial services from Schools Financial Services. See '**Schools Financial Value Standard**' chapter
- 3.3 **All** full cheque book schools are required to submit to the Local Authority (Schools Finance Team) a range of Financial Monitoring Returns in accordance with the laid down timetable. Schools will be notified in the Summer Term of each year the specific dates for submission of the cheque book returns. See '**Full Cheque Book Scheme**' chapter
- 3.4 **All** External Payment of Accounts schools are required to submit to the Local Authority (Schools Finance Team) a range of Financial Monitoring Returns in accordance with the laid down timetable. Schools will be notified in the Summer Term of each year the specific dates for submission of the External Payment of Accounts returns. See '**External Payment of Accounts**' chapter
- 3.5 For schools **not** purchasing a service from Schools Financial Services, including those that are operating within the full Cheque Book scheme and the External Payment of Accounts scheme, the completion and submission of a Compliance Return in the Autumn Term and the Spring Term to Schools Financial Services. Schools will be notified in the Summer Term of each year the specific dates for submission of the Compliance Returns.
- 3.6 On the same timescale as for the Compliance Return, non cheque book and External Payment of Accounts schools must submit an Account Summary Report (FMS) or a Cost Centre Group Report (CMIS) or an equivalent report in the case of those schools using alternative financial management systems, together with a Variance Report from the system which matches the information contained within the Compliance Return.

For Full Cheque Book schools, on the same timescale as for the Compliance Return, submission of a Chart of Accounts Review – Cost Centre Report and

a General Ledger Cost Centre – Summary by Cost Group Report (FMS). **Please note that the provision of a Chart of Accounts Review – Cost Centre Report from FMS on its own is insufficient and must be accompanied by a General Ledger Cost Centre - Summary by Cost Group Report.** Schools operating with CMIS should submit a Cost Centre Group Report. Schools using alternative financial management systems must submit an equivalent report to those outlined above.

- 3.7 In addition, submission of a detailed Forecast of Employee Costs to accompany the Compliance Return and which matches the commitments shown on the system reports above.
- 3.8 Schools that have been issued with Directive Academy Orders by the Department of Education will be subject to additional financial monitoring by the Local Authority to ensure that expenditure is curtailed and managed in the period leading up to conversion to an academy. Such schools will be required to submit monthly financial returns to Schools Financial Services on dates that will be advised to the Head Teacher and Chair of Governors in advance. Also see '**Management of Surplus and Deficit Balances**' chapter

4 Advice and support to schools not purchasing services from Schools Financial Services

- 4.1 If a school requires general advice and guidance and it falls within the Local Authority monitoring role it will be provided as part of the Local Authority core activities. If it does not fall within this remit then any such advice and guidance will be chargeable to schools
- 4.2 If a school requests the Local Authority to undertake, in part or in whole, any of the activities and functions on its behalf in terms of monitoring and operation of the budget and the management of the school's finance system, the Local Authority will do so, subject to resources being available, and will charge the school the agreed rate. The only work that will not be chargeable is the processing of journals which will be undertaken by Schools Financial Services on a half termly basis but only where the relevant credits and debits have been identified.