

**Financial Transparency of Local Authority Maintained Schools and Academy Trusts**

Shropshire's draft response to the consultation

Issue 1: Making public where local authorities are failing to comply with deadlines for completing assurance returns and financial collections.

Draft response:

SFVS – Where the local authority can evidence the steps taken to aim to ensure schools comply with the SFVS requirement, the individual schools rather than the local authority should be named.

Issue 2: Strengthening DSG annual assurance returns

Draft response:

Neither agree nor disagree. Fraud information is already shared on the open data website.

Issue 3: Maintained schools are not required to provide local authorities with 3-year budget forecasts

Draft response:

Agree with proposal although detailed guidance and template needs to be provided to schools to ensure quality of budget forecast information received.

Issue 4: Strengthening Related Party Transaction arrangements in maintained schools

Draft response:

Agree although this will require additional administration resources

Issue 5: Maintained schools internal audit is too infrequent

Draft response:

Disagree. Schools currently complete a self-assessment reflecting their internal control environment and highlighting to them their areas for improvement. That, the SVFS and themed audits help to reflect the control environment.

The proposal is not aligned to risk based auditing which is the expectation of the Public Sector Internal Audit Standards (PSIAS), these are mandatory. This would skew the internal audit arrangements of Shropshire Council, it would not be proportionate nor reasonable. There would be increased resource requirements and additional costs of more than c£50,000k.

(Please add to table at the base of consultation too). Based on salaries/overheads and number of school audits to be completed on a cyclical basis. The Council already has a process of examining school controls based on risk. Compliance is assessed in wider themed audits (payroll/ creditors/ debtors/ budget management, etc) as well as specific school audits. All audit areas examined are reported to a public audit committee, regardless of budget size, and heads can be called to account. The results of all audit reviews are reported to teaching staff and governors and any concerns escalated to the Director of Children's Service and Audit Committee for action with the school, therefore the process is more independent and transparent than academies.

Looking at the scrutiny processes of academies, some descriptions are akin to independent management checks, this is different to a prescribed internal audit review under mandatory standards which is much more robust and independent.

It is interesting to note that the consultation, which has referred to resource requirements elsewhere, was shy of noticing that this proposal would be resource intensive.

Issue 6: Strengthening arrangements to help schools that are in financial difficulty

Draft response:

Agree. In Shropshire a recovery plan at any level of deficit is required from a school before a licensed deficit plan is approved.

Whilst support from the DfE for schools in financial difficulty is welcomed our recent experience of the SRMA support was very disappointing. There must be clear evidence of the cost effectiveness of the SRMA initiative if it is to be continued.

Issue 7: There is not enough transparency when it comes to reporting high pay for school staff

Draft response:

Issue 8: There is not enough transparency when it comes to reporting maintained school income and expenditure

Draft response: