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and Education

To: Governance and Audit Committee – 3 November 2026

Subject: SCHOOLS AUDIT ANNUAL REPORT- PERIOD APRIL 2025
TO MARCH 2026

Classification: Unrestricted

Summary:

The Council's Chief Finance Officer (CFO) has to certify annually to the Department for Education (DfE) that there is a system of audit for Local Authority (LA) Maintained schools that gives adequate assurance over the standards of financial management and the regularity and propriety of their spending.

This assurance is provided by:

- The Schools Financial Value Standard
- Budget and monitoring statutory returns
- Financial compliance programme
- Training
- KCC annual audit of accounts

FOR ASSURANCE

1. Introduction

- 1.1 The DfE requires that the Chief Finance Officer (CFO) signs an assurance statement by the 31 May each year, confirming that there is a system of audit for KCC maintained schools which gives adequate assurance over their standards of financial management and the regularity and propriety of their spending.
- 1.2 KCC maintained schools receive delegated budgets from the County Council, and are required to manage these in accordance with its Scheme for Financing Maintained Schools. There were 288 schools/pupil referral units maintained by KCC at the time of the audit.
- 1.3 The content of this report provides detail of processes, metrics and controls that give the necessary assurance needed for the CFO to sign the annual DfE assurance statement.

2. Approach

- 2.1 The following are processes, metrics and controls that provide assurance over the financial management standards in LA schools, these processes unless stated are carried out by Schools Financial Services (SFS), a service within The Education People.

- 2.2 Schools Financial Value Standard (SFVS) - Schools complete an annual self-assessment which is agreed by governors and is sent to SFS as part of schools' statutory returns. This document is referred to when conducting a compliance visit and is referenced within the report against any recommendations made. All 288 LA schools submitted a return that met the required deadline.
- 2.3 Budget and monitoring statutory returns – LA schools are required to submit a three-year budget plan by 31 May each year, along with six and nine-month monitoring returns during the year and a final year-end submission. All applicable schools have complied with these requirements. SFS scrutinises financial returns robustly, using trend analysis and other review processes to identify, at the earliest opportunity, any indications that a school may be experiencing financial difficulty.
- 2.4 Financial Compliance Programme – Each LA school receives a financial compliance visit at least once every four years. The visit comprises of 118 targeted questions across eight areas of control, including Governance and Leadership, Financial Planning and Monitoring, and Procurement. Questions are split into two categories – *critical* and *requires action*.
- 2.5 During the period April 2025 to March 2026, 68 schools received a compliance visit, ensuring the programme continues to meet the four-year visit cycle.
- 2.6 Of the 8,024 questions asked across the 68 schools visited:
- 91.61% of responses were compliant (a slight reduction compared with 2024-25 when 93.45% of responses were compliant).
 - Responses to 8.58% of the critical questions resulted in recommendations. This indicates that the schools concerned did not fully comply with the Scheme for Financing Schools or Financial Controls.
 - Responses to 8.26% of the requires action questions resulted in recommendations. These areas require attention but are not considered as urgent or serious as critical recommendations.
- 2.7 Where a school receives a recommendation it receives a detailed report showing areas of non-compliance, the risks attached to continued non-compliance and detailed findings of the areas that need to be corrected. The compliance team then follow up with the school to check that the actions have been implemented. In cases of more significant non-compliance a follow-up compliance visit will take place.
- 2.8 The main issues leading to critical recommendations related to schools not adhering to procurement policy, governance and leadership, and Payroll.
- 2.9 As result of this, to help keep schools informed of policy and process, both procurement and financial controls (including Finance Policy) were covered at these events:
- The Procurement Act presentation at the Finance Information Group, June 2025. Presentation by KCC's Strategic Commercial and Procurement Lead and Head of Commercial and Procurement Division.
 - "Ensuring your school is financially well managed" workshop, November 2025, presented by Emma Baldock, SFS Service Lead.

- Statutory Finance Updates on Financial Controls and Finance Policy, given at the June 2025 and October 2025 Finance Information Groups.
- Emails to all Kent Maintained Schools regarding updates to the Model Finance Policy, Financial Controls and reminders on the training available relating to statutory responsibilities.

2.10 The findings from the compliance programme inform updates and training provided to schools.

2.11 Training - SFS provides comprehensive finance training for Headteachers, senior leaders, bursars and governors, alongside Finance Information Groups for bursars and other finance staff. During 2025-26, 41 training courses were delivered, attended by 341 delegates. 812 delegates attended the three Finance Information Groups.

2.12 The training team is reviewing the programme, including new courses and alternative delivery methods, to reach as many schools and delegates as possible. Ensuring that school staff are appropriately trained in their financial responsibilities supports effective internal financial control and is in the best interests of Kent Maintained Schools, KCC and SFS.

2.13 School Finance Systems Support – A key component of maintaining effective financial management standards in schools is ensuring that schools have access to appropriate financial systems and tools. KCC, through SFS, currently supports Business Planning Software, a monitoring and budgeting system provided by TES. SFS also supports the several finance systems used by Kent maintained schools.

2.14 KCC annual audit of accounts – Following the recommendation from Grant Thornton that all schools must reconcile their bank account at year-end up to the 31st March, SFS successfully got the majority of schools (one school reconciled up to the 27th March and two schools reconciled up to 30th March 2026) to do this for financial year-end 2025-26. There have been no recommendations for schools following the 2025-26 audit (to date).

2.15 Deficit Schools – The level of schools in financial deficit has remained consistent over recent years, with three Kent Maintained Schools ending in deficit for 2025-26, with a combined deficit of £87,756. The total value of deficit balances over recent years has been: 2022-23 - £114,901; 2023-24 - £472,878; and 2024-25 - £48,725.

2.16 For schools in deficit, Kent continues to remain well below the national average, as this table indicates. Although it is not the only indication of good financial management in Kent schools, it is a stable marker.

Percentage of schools with a negative revenue balance (deficit)	2021-22	2022-23	2023-24	2024-25	2025-26
National average published by the DfE	8%	13.10%	15.30%	17.8	TBC
Kent %	1.6% (5 Schools)	0.98% (3 Schools)	1% (3 Schools)	1% (3 Schools)	1% (3 schools)
Total number of Kent Maintained Schools (KMS)	312	304	297	291	288
Number of KMS's if National average %	25	40	45	52	

3. Summary of Findings

- 3.1 In addition to the compliance programme, analysis of returns, and training programme, SFS works closely with colleagues across KCC and The Education People who support schools. This includes regular engagement with Assistant Directors of Education, School Improvement Officers and Governor Services Officers, helping to ensure KCC has a comprehensive view of each school and can provide appropriate support to Headteachers, finance staff and governors to maintain effective financial management.
- 3.2 SFS continues to collaborate with relevant KCC Officers to ensure the Scheme for Financing Schools and Budgetary controls are kept up to date, edited and communicated with key changes when necessary.
- 3.3 The comparative data shows favourably the number of schools in deficit and the value of the deficits, which strongly suggests that financial management controls in place and non-financial support network are robust and effective for Kent LA schools.

4. Opinion

- 4.1 It is considered that the comprehensive compliance programme, analysis of statutory returns, financial training programme, support for schools in deficit or at risk of deficit, traded services, and schools' own self-assessments provide sufficient assurance for the CFO to sign the annual DfE assurance statement.
- 4.2 Emerging risks – the principal risk for the KCC is smaller schools getting in to financial difficulty as a consequence of falling school rolls. These schools have less scope to manage the staffing reductions necessitated by falling rolls without impacting on the quality of education or support. In 2025-26 there were 88 primary schools with fewer than 150 pupils on roll. 60 of these were maintained schools, 68% of the total. 53% of primary schools were maintained at this point, demonstrating that small schools were more likely to have remained with the County Council.

5. Recommendations

- 5.1 Members are asked to note the contents of this report for assurance.

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