

FINANCIAL MANAGEMENT RESPONSIBILITIES OF THE GOVERNING BODY AND SCHOOL STAFF

Summary of the governing body's financial management roles:

The governing body has a strategic role in the financial management in schools and its key responsibilities include:

- setting financial priorities through the:
 - school improvement plan
 - 3 year financial plan
 - the annual budget
- deciding on how the school's delegated budget should be spent, in accordance with their school improvement plan and the statutory curriculum requirements as laid down by Government
- approving and monitoring the annual budget
- ensuring the budget is managed effectively
- ensuring the school meets all its statutory obligations, and through the head teacher complies with its LA's Financial Regulations and Standing Orders
- determining virement and expenditure thresholds
- evaluating the effectiveness of spending decisions

Although the governing body has a statutory responsibility for the oversight of most areas of school life, including financial management, a great deal of responsibility is often delegated to the head teacher and to a lesser extent other budget holders or a finance committee.

Summary of the head teacher's financial management roles:

The head teacher has an important role in the financial management of the school and their key responsibilities include:

- the internal organisation, management and control of the school
- advising on, and implementing the governing body's strategic financial framework
- giving the governing body enough information to ensure that they are confident that delegated responsibilities and the head teacher's responsibilities have been met
- being, along with the other staff, accountable to the governing body for the school's financial performance; and
- drawing up and submitting to the governing body an annual budget plan for the school's budget and voluntary funds, and any proposals for revisions to the budget plan as required by the LA scheme for financing schools for maintained schools.

Activities that may be delegated to the head teacher by the governing body

The head teacher is accountable to the governing body, which can delegate much of its financial responsibility to the head teacher. Typically the head teacher has delegated responsibility for:

- leading and managing the creation of a strategic plan which is underpinned by sound resource planning and identifies priorities and targets for ensuring that pupils achieve high standards and make progress, increasing teachers' effectiveness and securing school improvement
- ensuring that the relevant LA Financial Regulations / Standing Orders or DfE requirements are implemented

- establishing sound internal financial controls which are managed on a daily basis by the head teacher, finance officer, school business manager, (or equivalent)
- ensuring the effective implementation of financial systems and procedures (even in the absence of key staff)
- checking that the funds delegated by the local authority are in line with pupil numbers
- compiling draft budgets to the governing body and its appropriate committees
- producing regular reconciled budget/financial reports to the governing body, LA and DfE as appropriate

Delegating work to committees

A governing body can fulfil some of its responsibilities through a series of committees. The committee most likely to help fulfil its financial management responsibilities is the finance (or resources) committee. The finance committee is non-statutory, and the governing body is able to determine its remit and delegate responsibility to it for 'the approval of the first formal budget plan of the financial year'.

The following tasks should also be carried out by the finance (or resource) committee:

- drawing up the budget for approval by the governing body
- exploring different expenditure options and assessing expenditure bids
- forecasting likely future pupil rolls and income levels
- monitoring budgeted income and expenditure
- monitoring and adjusting in-year expenditure levels
- ensuring accounts are properly finalised at year end/reviewing outturn
- evaluating the effectiveness of financial decisions
- administering the school's voluntary/private fund.

The governing body can delegate functions relating to the setting and approval of budgets to the finance committee. The committee must report to the governing body in respect of any action taken or decision made, at regular intervals in the financial year.

Examples of more specific responsibilities of the governing body and the head teacher

These have been produced with the help of Wolsey Infant School in Croydon. They are an example of one school's arrangements for other schools to consider if they find them helpful. There is no requirement for all schools to follow this definition of specific responsibilities.

Governing Body

- ensuring that there is a handbook containing information and a description of financial systems and procedures for all staff with financial management responsibility (internal controls handbook)
- establishing formal procedures and a timetable for budget planning
- ensuring that only a balanced sound budget is approved, with a forward projection for at least 3 years
- ensuring that financial records are maintained that can provide auditors and inspectors with explanations they consider necessary (audit trail)
- responding promptly to recommendations made by auditors or inspectors

- monitoring the budget and implementing virements when appropriate
- ensuring that the school obtains best value for money when purchasing goods and services
- establishing a charging policy for the supply of goods and services
- establishing and maintaining a register of business interests of Governors and staff who influence financial decisions. This should be open to examination by governors, staff, parents and the LA
- ensuring that financial duties of staff are clearly described to avoid potential conflicts (separation of duties)
- ensuring in conjunction with the head teacher that salary payments are: only made to school employees; made in accordance with appropriate conditions of employment; and only made for services provided to the school. Also that, appropriate deductions are made (Tax and NI) and payroll changes are accurately recorded and promptly processed (guard against fraud)
- deciding, after careful consideration, whether or not to insure risks not covered by the LA (school insurance)
- authorising the disposal or write off of stock (costed asset register)

Head Teacher

- meet regularly with the LA budget adviser to discuss the budget profile and to make any necessary adjustments (LA Scheme for Financing Schools)
- obtain governing body approval for any budget virements above his/her delegated authority level (LA Schemes for Financing Schools)
- consider and respond promptly to recommendations in school audit/inspection reports, and advise governors of results and any remedial action to be implemented (Audit/Ofsted inspection reports)
- ensure the maintenance of accurate and current inventories of all attractive and portable items (assets register)
- ensure the adequacy of the schools insurance arrangements as part of the annual financial review (school insurance)
- implement school pay policy and appointment procedures (staff pay conditions and recruitment)
- plan for effective monitoring, evaluating and reviewing of the plan to secure progress and school improvement (school improvement plan linked to budget expenditure)
- think creatively and imaginatively to anticipate and solve problems and identify opportunities (skills and talent management)
- ensure that resourcing and staffing are dedicated to ensuring the highest standards of achievement for all pupils (skills audit and talent management)
- set appropriate priorities for expenditure, allocate funds and ensure effective administrative control (school plan linked to budget expenditure)
- manage and organise accommodation efficiently and effectively to ensure it meets the needs of the pupils, curriculum and health and safety regulations (appropriate school assets' plan)
- manage, monitor and review the range, quality, quantity and usage of all available resources in order to improve pupils' achievements, ensure efficiency and secure value for money