

A key point is that not all governors or management committee need all these skills, but collectively the governing body or management committee (and finance committee, if it exists) will ideally have these skills between them.

## Governors financial management skills rating system

More information about the knowledge, skills and behaviours needed for effective governance can be found in the [competency framework for governance](#)

1: Highly competent	2: Competent	3: Developing	4: Not yet developed
<p>Where relevant to the competency or example, the following apply to the individual concerned:</p> <ul style="list-style-type: none"> <li>• this is an area in which you have significant practical experience</li> <li>• this is something that you undertake on a regular basis</li> <li>• this is a personal characteristic or style that you demonstrate all of the time</li> <li>• there is a regular programme of activities to maintain technical competence</li> </ul>	<p>Where relevant to the competency or example, the following apply to the individual concerned:</p> <ul style="list-style-type: none"> <li>• this is an area in which you have some practical experience</li> <li>• this is something that you undertake on an infrequent basis</li> <li>• this is a personal characteristic or style that you demonstrate most of the time</li> <li>• there is a regular programme of activities to maintain technical competence</li> </ul>	<p>Where relevant to the competency or example, the following apply to the individual concerned:</p> <ul style="list-style-type: none"> <li>• this is an area in which you have little practical experience</li> <li>• this is something that you rarely undertake</li> <li>• this is a personal characteristic or style that you demonstrate some of the time</li> <li>• there is a programme of activities to develop the technical competence in this area</li> </ul>	<p>Where relevant to the competency or example, the following apply to the individual concerned:</p> <ul style="list-style-type: none"> <li>• this is an area in which you have no practical experience</li> <li>• this is something that you have never undertaken</li> <li>• this is a personal characteristic or style that you rarely demonstrate</li> <li>• there is no programme of activities to develop the technical competence in this area</li> </ul>

## Skills matrix for governors with financial management responsibilities

1 – Provides strategic leadership	Co. Chair of Governing Body/Chair of Finance Committee Mr Matt Bodmer	Governor with finance role Mrs Holly Marchand
<p><b>Leads the development of strategic plans:</b></p> <ul style="list-style-type: none"> <li>• has strategic knowledge and understanding of school priorities, aims and objectives</li> <li>• able to articulate strategic priorities, financial implications and objectives clearly</li> <li>• understands the importance of setting and agreeing a viable financial strategy and plan which ensures sustainability and solvency</li> <li>• understands the school's process for resource allocation and the importance of focusing allocations on impact and outcome</li> <li>• delegates tasks to Headteacher and promotes team working between governors and all staff</li> </ul>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>2</p>
<p><b>Able to identify viable options most likely to achieve the school's goals and objectives:</b></p> <ul style="list-style-type: none"> <li>• will take difficult but necessary decisions</li> <li>• able to analyse information provided by staff in a useful way</li> </ul>	<p>1</p> <p>1</p>	<p>1</p> <p>1</p>

<ul style="list-style-type: none"> <li>• is rigorous in questioning to understand whether enough is being done to drive financial efficiency and align budgets to priorities</li>   <li>• is open to new ideas, consults and willing to work in partnership with stakeholders</li>   <li>• knows how to review the results of techniques for assessing significant school matters</li>   <li>• uses detailed financial knowledge and experience (appropriate for the scale of the organisation) to provide advice and guidance to the board and the school</li> </ul>	<p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p>	<p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p>
<p><b>Has a clear understanding of best financial management practices and school performance:</b></p> <ul style="list-style-type: none"> <li>• has knowledge of the current financial health and efficiency of the school and how this compares with similar school's locally and nationally</li>   <li>• assimilates the financial implications of the school's priorities and use this knowledge to make decisions about allocating current and future funding</li>   <li>• understands the school's internal control processes and how these are used to monitor and ensure propriety to secure value for money</li>   <li>• co-operates with external inspectors and auditors, and reviews action on their findings</li> </ul>	<p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p>	<p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">2</p> <p style="text-align: center;">2</p>

2 – Ensures accountability	Co. Chair of Governing Body/Chair of Finance Committee Mr Matt Bodmer	Governor with finance role Mrs Holly Marchand
<p><b>Understands the school's statutory financial management requirements:</b></p> <ul style="list-style-type: none"> <li>• able to hold school leaders to account for financial and business management, as much as educational outcomes</li> <li>• understands the legal financial framework in which the school needs to operate</li> <li>• has knowledge of the school's funding arrangements, funding streams and its mechanisms for ensuring financial accountability</li> <li>• has knowledge of information that can be requested by local authorities (for maintained schools) and the DfE</li> <li>• understands how the school receives funding through the pupil premium and other grants, for example primary sport funding, how these are spent and how spending has an impact on pupil outcomes</li> </ul>	<p>1</p> <p>1</p> <p>1</p> <p>2</p> <p>1</p>	<p>2</p> <p>2</p> <p>1</p> <p>1</p> <p>1</p>

<b>Understands budget setting and budget monitoring:</b>		
<ul style="list-style-type: none"> <li>• understanding the principles of finance and budget management and how these are used on the school</li> </ul>	1	1
<ul style="list-style-type: none"> <li>• has numeric and analytical skills</li> </ul>	1	1
<ul style="list-style-type: none"> <li>• able to challenge and ensure the integrity of financial information and to establish robust financial controls</li> </ul>	1	2
<ul style="list-style-type: none"> <li>• able to interpret financial data and ask informed questions about income, expenditure and resource allocation and alignment with the strategic plan priorities</li> </ul>	1	1
<ul style="list-style-type: none"> <li>• has confidence in the arrangements for provision of accurately and timely financial information, and the financial systems used to generate such information</li> </ul>	1	1
<ul style="list-style-type: none"> <li>• able to interpret budget monitoring information and communicate this to interested parties</li> </ul>	1	1
<ul style="list-style-type: none"> <li>• able to participate or lead the school's self-evaluation of activities relating to financial performance, efficiency and control</li> </ul>	2	2
<ul style="list-style-type: none"> <li>• understands that appropriate resource allocation can affect pupil outcomes</li> </ul>	1	1

<p><b>Understands the importance of communicating the school's performance to stakeholders:</b></p>		
<ul style="list-style-type: none"> <li>• knows the procedural requirements and timescales and checks they are followed</li> </ul>	1	2
<ul style="list-style-type: none"> <li>• understands the monitoring returns for the DfE and local authority (for maintained schools)</li> </ul>	1	1
<ul style="list-style-type: none"> <li>• is open and diplomatic when communicating with stakeholders, for example parents</li> </ul>	1	1

<p style="text-align: center;"><b>3 – Acts as a critical friend</b></p>	<p><b>Co. Chair of Governing Body/Chair of Finance Committee</b> Mr Matt Bodmer</p>	<p><b>Governor with finance role</b> Mrs Holly Marchand</p>
<p><b>Has a commitment to the school and the work of the governing body:</b></p> <ul style="list-style-type: none"> <li>• declares personal or pecuniary interests and avoids using their position for personal gain</li> <li>• participates in the work of the governing body by preparing for meetings, attending, contributing at meetings and taking agreed actions</li> <li>• improves financial management knowledge through training, discussions with staff and reading relevant papers</li> <li>• able to identify when specialist skills and experience in audit, fraud or human resources are required to undertake specific tasks or more regularly to lead governance committees</li> <li>• helps new governors to understand their financial management role and make a full contribution</li> </ul>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>	<p>1</p> <p>1</p> <p>1</p> <p>2</p> <p>2</p>

<b>Presents information and views clearly and influentially to others:</b>		
<ul style="list-style-type: none"> <li>• uses analytical skills to challenge management constructively and ask probing questions</li> </ul>	1	1
<ul style="list-style-type: none"> <li>• able to influence others and build consensus using the power of argument and clear presentation of the case</li> </ul>	1	1
<ul style="list-style-type: none"> <li>• seeks to resolve misunderstanding and conflict by giving and receiving constructive feedback</li> </ul>	1	1

## Summary of governing body's financial management roles

The governing body, and management committee in pupil referral units (PRUs), 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 headteacher complies with its local authority'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 headteacher and, to a lesser extent, other budget holders or a finance committee.

## **Summary of headteachers' financial management roles**

The headteacher 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 headteacher's responsibilities have been met
- being, along with the other staff, accountable to the governing body for the school's financial performance
- 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 local authority scheme for financing schools for maintained schools

## **Activities that may be delegated to the headteacher by the governing body**

The headteacher is accountable to the governing body, which can delegate much of its financial responsibility to the headteacher. Typically the headteacher 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 local authority financial regulations and standing orders, or DfE requirements are implemented

- establishing sound internal financial controls which are managed on a daily basis by the headteacher, 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, local authority 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, and reviewing outturn
- evaluating the effectiveness of financial decisions
- administering the school's voluntary or 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 headteacher**

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 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 only a balanced sound budget is approved, with a forward projection for at least three years
- ensuring 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 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 local authority
- ensuring financial duties of staff are clearly described to avoid potential conflicts (separation of duties)
- ensuring in conjunction with the headteacher that salary payments are:
  - only made to school employees
  - made in accordance with appropriate conditions of employment

- only made for services provided to the school
- subject to appropriate deductions, for example tax and national insurance, with payroll changes accurately recorded and promptly processed (guard against fraud)
- deciding, after careful consideration, whether or not to insure risks not covered by the local authority (school insurance)
- authorising the disposal or write off of stock (costed asset register)

### Headteacher

- meet regularly with the local authority budget adviser to discuss the budget profile and to make any necessary adjustments (local authority scheme for financing schools)
- obtain governing body approval for any budget virements above their delegated authority level (local authority scheme for financing schools)
- consider and respond promptly to recommendations in school audit and inspection reports, and advise governors of results and any remedial action to be implemented (audit and 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

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