

Governance - responsibility and accountability

The schools financial procedures provides maintained schools with guidance on a range of financial management processes that are set out as individual sections.

Organisation structure

Schools should have a clearly defined organisational structure identifying lines of reporting for all operations. In order to carry out its responsibilities the Governing Board (GB) may delegate some of their decision-making powers to Committees and School Staff.

It is considered best practice for the GB to delegate most of its financial responsibilities to a Finance or Resources Committee. The Finance Committee would then become responsible for ensuring that the School sets financial objectives, prepares a financial plan and initiates and maintains the necessary systems of internal controls.

The Headteacher will be responsible for the operational financial management of the School. Responsibility will be delegated for specific budgets or projects.

Schools will need to appoint staff or engage a Finance Support Service to work with the Headteacher on the school's financial administration on a day-to-day basis. Detailed financial procedures are necessary, irrespective of who is undertaking the financial administration.

Schools must ensure they have sufficient financial expertise at both Governor and Staff levels. These can be assessed using the guidance given in Sections 1.5 and 1.6 below. Action must be taken through recruitment or training to remedy any shortcomings identified. Any assessment should consider the smooth operation of the School when a potential absence occurs of any key Governor or member of school staff.

It should be noted that Governors are equally responsible for financial decisions and should seek a basic knowledge / understanding of finances.

Schools need to review their staffing structure regularly, especially when there is a change of circumstances, internal or external, to ensure it meets the Schools' needs.

Reporting and decision making

Prompt, accurate and up-to-date financial information should be readily available at the appropriate levels within the organisation. To achieve this, the School will require clearly defined and properly used channels of reporting to the Finance Committee and GB.

The arrangements should encourage regular interaction between the School's financial and non-financial operations and activities. There should be prompt exchange of information to support decision-making on a sound and timely basis. Management will be more effective if management responsibilities and financial responsibilities are aligned.

Allocation of responsibilities

The responsibilities of the GB, delegation to Committees and School staff should be clearly defined and allocated.

Governing board

The Scheme for Financing Schools between Ealing LA and the School makes clear the GB's responsibility for:

- Planning and conducting its affairs to remain solvent
- Establishing proper financial management arrangements, accounting procedures and maintaining a sound system of internal controls
- Ensuring that funding from the Local Authority (LA) and any other sources is used only in accordance with the conditions attached
- Providing such information as the LA may reasonably require, satisfying the LA that the financial management of the GB is such as to enable it to fulfil its obligations

The GB must be clerked by a competent person able to take minutes and advise the governing on procedural matters.

Finance committee

The finance committee is non-statutory and as such the Governors can determine the School's requirements and delegate the financial responsibilities of the GB, to one or more Committees as desired.

In Schools where a Finance Committee has been set up, the GB will define Terms of Reference for the Committee and the extent of its delegated authority.

The Committee should ideally be chaired by a person of suitable professional background and experience. Inexperienced Governors can undertake training on chairing meetings and/or access useful information on relevant websites. All Governors, especially those on Finance Committee are encouraged to have some training on School's finances to assist them in their role.

The membership of a committee may include associate members, provided that majority of members of the committee are governors. This may enable some Schools with limited financial expertise on the GB to invite suitably qualified individuals to serve on Committees.

The requirement for meetings may vary between Schools and throughout the year due to financial matters requiring the Committee's attention, including setting annual budget, monitoring of the annual budget, purchasing or other large projects. The Finance Committee should meet at least termly.

The terms of reference for the Finance Committee could include the below:

- The review and recommendation of the Draft Annual Budget to the GB
- The review and recommendation of the Draft 3 Year Budget to the GB in conjunction with the Schools medium term Development or Improvement Plan
- The regular monitoring of actual income and expenditure against the Budget and forecast outturn for the year Procurement - the awarding of contracts by tender, up to a specified limit, approving the School's purchasing arrangements, reviewing the School's contracts
- Reviewing reports by Internal Audit or other independent body (if applicable) as to the effectiveness of the financial procedures and controls
- Reviewing and recommending approval of the delegation of the Budget responsibilities to Budget Holders
- Reviewing and recommending approval of the School's Financial Manual/Policy & Procedures
- Preparing and reviewing draft policies: Finance-Lettings Policy, Fraud Policy, Whistle-Blowing Policy, etc.

- Benchmarking School performance against comparable Schools and implementing action to improve performance levels and value for money
- Review audit reports on the School's Unofficial Funds

Finance Committee meetings must be minuted to record the considerations, decisions and recommendations of the Committee and shared with the full GB at the next meeting.

Headteacher responsibilities

- Management of the School's finances at a strategic and operational level
- Management of effective systems of internal control
- Management of other financial issues, e.g. policies, unofficial funds, etc.

The Headteacher has overall executive responsibility for all the School's activities, including finance. Therefore, the Headteacher is considered by the LA to be the person with overall responsibility the financial management of the School.

The Headteacher is responsible for providing the GB with financial advice, ensuring proper and adequate financial systems and controls are in place, and that accounts are prepared and maintained as required by both the GB and the LA. In practice, the Headteacher will delegate the financial administration to a responsible, experienced Finance Officer/School Business Manager (SBM) while retaining ultimate responsibility.

It is essential that the Headteacher has a supervisory and support role over-all aspect of financial management and reporting, including certain documents/statements. Details of which are set out in Accounting routines and checks for heads, school finance officers and SBM.

Allocation of budgets to budget holders

Dependent on the size of the School and the complexity of the budgetary system, there may be a need to allocate Budgets to Budget Holders whose responsibilities should be clearly defined. Key elements of the role include:

- Authorisation of orders and confirmation of goods received within levels of delegated authority
- Monitoring and control of expenditure against budget levels
- Identifying and reporting significant variances to the Headteacher or the School's Finance Officer/SBM
- Ensuring full compliance with the School's financial procedures

The Budget Holder will become responsible for controlling expenditure within the relevant budget allocated. It is important that the budget responsibility aligns with the management structure. Dependent on the size and type of School, the educational supplies budget would normally be divided between either subject or year co-ordinators.

Finance officer/School Business Manager (SBM)

The Finance Officer/SBM is the description for a specific responsibility/role, which may be discharged by a specific individual or a service bought from the LA or another provider. The arrangements will vary according to the size and circumstances of individual Schools. The Finance Officer/SBM is responsible for day to day accounting, running and management of the financial systems of the School while reporting to the Headteacher. Find out more about the role of SBMs.

It is essential that the GB ensures that the Finance Officer/SBM is suitably qualified and demonstrates competency in preparing the School's accounts for which the GB are responsible. The Finance Officer/SBM must have the tools and time to discharge their responsibilities effectively.

The role of the Finance Officer/SBM role may be incorporated in the post of School Bursar, Finance Manager or actual School Business Manager role, who may also have delegated financial responsibility for the premises, central services and other budgets within the school and should therefore be part of the senior management team.

All Staff

All members of Staff are responsible for the security of School property, for avoiding loss or damage, for ensuring economy, efficiency and effectiveness in the use of resources, complying with the School's Financial Procedures and reporting any potential financial irregularities. This should be included in job descriptions and the Staff Handbook.

Contacts

School accountancy service, SchoolsAccountancyServices@ealing.gov.uk

Related content

[Accounting routines and checks for heads, school finance officers and SBM](#)

[Schools financial procedures](#)

Was this page useful?

- [Yes](#)
- [Neutral](#)
- [No](#)

Last updated: 04 Sep 2024
