

## **Section 1: Governance**

Governing bodies (GB) are the strategic leaders of our schools and have a vital role to play in overseeing the financial performance of the school and making sure its money is well spent.

This function is reflected in regulations and in the criteria Ofsted inspectors use to judge the effectiveness of governance. Governing bodies are responsible for making sure their school's money is well spent. They should do this by making sure they have at least one governor with specific skills and experience of financial matters, for more information please refer to [the constitution of governing bodies of maintained schools](#).

### **General Contacts**

**Therese McNulty:** School Workforce and Governance Development  
[governors@ealing.gov.uk](mailto:governors@ealing.gov.uk)

**Julie Lewis:** Assistant director, School Effectiveness  
[jlewis@ealing.gov.uk](mailto:jlewis@ealing.gov.uk)

**Gary Redhead:** Assistant Director-Schools Planning & Resources  
[gredhead@ealing.gov.uk](mailto:gredhead@ealing.gov.uk)

## **Roles and responsibilities**

The roles and responsibilities of the GB, its committees, the head teacher and other staff in relation to financial decision-making and administration should be clear and preferably set out in writing in the form of a scheme of delegation.

### **1.1. Framework of Responsibility**

- The governing body's responsibility lies within a framework which delegates responsibility from the local authority (LA) to GB's and to the head teachers. GB's can also delegate responsibilities to their committees, individual governors and the head teacher. This section defines that framework and shows the roles and responsibilities of the various parts of the framework.

### **1.2. London Borough of Ealing as Local Authority**

For guidance on the role that LBE play as the LA please refer to the [DfE Governors' Handbook](#).

- **Assistant Directors, School Effectiveness/School Planning & Resources**
- Management of the scheme of delegation, including recommendations to the LA for the withdrawal of delegation.
- Monitoring the effectiveness of the scheme for the Local Management of Schools.
- Provision of financial advice and support to ensure that schools are sufficiently prepared to be able to achieve appropriately high standards and levels of performance.
- Under the terms of the Local Government Act 1972 and subsequent legislation is the "responsible officer" for the probity and regularity of the Authority's financial activities.
- Establishment and monitoring schools' financial performance including value for money and audit of schools' systems of internal financial control.
- Where appropriate to fulfil the above responsibilities, provision of financial advice and attendance at meetings of school governors.

### 1.3. The School

- **The School Governing Body (GB)**
- Governors should follow the guidance set out
- For a summary of key governing body roles and responsibilities please refer to the support notes of the [Schools Financial Value standards](#) (SFVS) and the [DfE Governors' Handbook](#).
- Governing bodies must return a signed version of the [Schools Financial Value standards](#) assessment form to schools accountancy services 2 weeks prior to deadline of 31 May 2016.
- For examples of Terms of Reference visit the DfE website via:  
  
<https://www.gov.uk/government/publications/school-governance-regulations-2013>  
  
and:  
  
<https://www.egfl.org.uk/school-effectiveness/school-governance>
- **Head teacher**
- Advising the GB on the establishment of its policies, and on all budgetary aspects. Please note the GB is required to hold a number of statutory policies and guidance documents. However, the drafting of them should be delegated to members of the senior leadership team for the full GB or appropriate committee (if delegated rights to) approves.
- Day to day operation of the budget and financial responsibilities delegated to him/her by the GB.
- For more information please refer to the additional resources of the [Schools Financial Value standards](#)
- **School Business Manager (SBM)/Bursar/Finance Officer**
- Day to day administration and management of the budget as delegated by the head teacher/governors.

- Providing the head teacher, governors, budget holders and the LA with regular customised reports

#### 1.4. Committees

It is essential that schools have a finance committee to which they delegate financial review and oversight on matters which it is not practical for the strategically focused board to review at a detailed level. It's membership and remit should be reviewed annually. Such delegation of responsibilities should be done within the framework set out in the additional resources of the [Schools Financial Value standards](#).

A sample of terms of reference can be found at:  
[www.egfl.org.uk/governance](http://www.egfl.org.uk/governance)

#### 1.5. Structure of Delegation

- Decisions made by committees, including the finance committee, must be reported to the GB. The terms of reference of non-finance committees must make clear the extent of their freedom to make financial decisions without consulting the finance committee.
- Authorisation limits for financial matters must be established by the GB. Examples for average sized primary, special and secondary schools are given below. **It is stressed these are only examples and each school will need to decide what is appropriate for its own circumstances. A clear segregation of duties should therefore be applied suitably.**

#### Illustration of Authority

<b>(a) Average sized primary, special schools (429 pupils*)</b>			
	<b>Commitment to Purchase</b>	<b>Certification of invoices</b>	<b>Approval of</b>
Governing body or Finance Committee #	<u>£25,000+</u>	No authority	<u>£25,000+</u>
Finance Committee	Up to <u>£25,000</u> per item	No authority	Up to <u>£25,000</u>
**Head teacher/	Up to <u>£10,000</u> per item	No limits **	Up to <u>£10,000</u>
Head of Year/budget holder	Up to £500 per item	No authority	No authority
SBM/Bursar/ ** Finance Officer	No authority **	<u>Signed and dated for verification</u>	No authority
<b>(b) Average sized secondary school (991 Pupils*)</b>			

	<b>Commitment to Purchase</b>	<b>Certification of invoices</b>	<b>Approval of</b>
Governing body or Finance Committee	<u>£50,000+</u>	No authority	<u>£50,000+</u>
Finance committee	Up to <u>£50,000</u> per item	No authority	Up to <u>£50,000</u>
*Head teacher/Deputy	Up to <u>£30,000</u> per item	No limits **	Up to <u>£30,000</u>
SBM/Bursar**	No authority **	<u>Signed and dated for verification</u>	No authority
Budget Holder	Up to £500 per item	No authority	No authority

### Footnotes

#Where full financial responsibilities delegated

\* Based on 2015/16 total number of funded pupils, inclusive of reception uplift and exclusive of high needs places

\*\* No limits on business rates or utility invoices

\*\*Should refer expenditure above a specific amount e.g. £10,000 to Finance Committee unless authorised by G.B.

The above is only a guideline, and each school will need to look at it's own individual circumstances and set limits accordingly. The basis of the change needs to be documented, the change ratified by the GB/Finance Committee and the LA informed.

- The scheme of delegation to staff is the responsibility of the head teacher and should specify not only the functions of individual staff but also the limits of their authority. It should be consistent with the principles of internal [financial control](#) regarding separation of duties. Clear definitions of the duties and responsibilities of staff should be produced in writing and be consistent with the framework of delegation established by the governing body. ( See Appendix 2 ).
- In terms of financial reporting, the GB must receive sufficient information to be satisfied that proper processes have been undergone by any committee exercising delegated powers and be able to ask questions about the most significant decisions made. Such delegated powers should be subject to a threshold set by Schools through the scheme of delegation.

### Financial Information

The GB should agree with the head teacher the minimum frequency, level of detail and general format of the financial information to be provided to it, especially in relation to budget monitoring reports.

## 1.6. Business/Pecuniary interest

- Below is a summary of key points relating to business/pecuniary interest, schools must adhere to national guidance on this matter, please refer to section 25 of [the constitution of governing bodies of maintained schools](#) for statutory guidance.

### **Business/Pecuniary interest**

The GB should establish a register of business interests of governors, the head teacher and any other staff who influence financial decisions. This should be open to examination by governors, staff, parents and the LA.

- A business/pecuniary interest is where a governor or member of staff (or close relatives of either) receives “remuneration” from a “firm”. “Remuneration” includes not only salary, wages, fees, but also other payments such as commission, honoraria, dividends, agency fees and interest. The expression “firm” includes not only companies and businesses but all organisations and even individuals.
- A register of business/pecuniary interests must be established by every GB and updated annually or more frequently for individuals where this is appropriate. The register must include not only governors and staff but also the pecuniary interest of spouses or close family where this is appropriate, e.g. the child of the chair of governors might own a local building firm. An example of a register is (See Appendix 3).
- Staff and governors should also additionally declare an interest not just pecuniary but also where a conflict of interest may arise if and when, matters are about to be discussed or decided, and withdraw or take no part in the discussion where this is considered appropriate by the individual concerned or by other governors.
- Any governor who has a direct or indirect financial interest in a contract and is present at a governors’ meeting when the issue is considered, must disclose their interest as soon as possible after the start of the meeting and must not take part in any associated discussions or vote.
- The only exception to the requirement to disclose a pecuniary interest is that if the interest is so distant or small that no ordinary right-thinking person would expect it to influence someone who might have dealings with the firm concerned. In such cases, it need not be disclosed. The

most common example is a modest shareholding in a large public company even if the school has or may have dealings with the company.

Non pecuniary Interest: It is good practice to declare links to organisations which have dealings with the school and which may give rise to a conflict of interest even where no pecuniary interest or advantages exist or accrues. This covers areas where relationships might be seen to influence judgements and convey the impression of personal motive.

- It is only a requirement upon those staff who influence financial decisions, principally the Head teacher, Deputy, SBM/Bursar/Finance Officer.
- If there is no material change during the year then it is not necessary for an entirely new form to be completed. Simply arrange for the original form to be re-signed and dated.