

## **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.