

SECTION 4

SCHOOL LEADERSHIP & GOVERNANCE

1. Introduction

- 1.1 To ensure the school's finances are managed effectively, the governors, headteacher and school finance staff should have a shared understanding of their own financial management roles and responsibilities and those of others. These roles and responsibilities should be set out in a written policy statement to be considered and approved by the school's governing body

2. Producing a School Finance Policy

- 2.1 Drawing up a school finance policy will have a number of benefits for a school. It can help to:

- provide a focus for discussion and agreement on the school's objectives in relation to managing its financial resources
- clarify the roles and responsibilities of staff and governors involved in the school's financial administration.
- provide evidence to Ofsted and to the LEA of the school's commitment to establishing sound financial controls

- 2.2 In producing a school finance policy it is advisable to:-

- consult with governors and staff who are involved in managing the school's finances and take their views into account
- keep the policy as concise as possible but make sure it is sufficiently detailed to be meaningful
- consider who will need to be aware of the policy and ensure copies are distributed to the relevant people
- agree who is responsible for reviewing the policy and set a date for that review

- 2.3 A model school finance policy is provided in Appendix 1 to this section. This model will need to be adapted to suit the particular circumstances of each school. For example, the size of the school will influence the number of support staff the school employs and therefore the number of staff involved in financial administration. For simplicity, the model policy describes the sort of roles undertaken by the Headteacher and Finance Officer but the roles of other teaching and non-teaching staff should be included if they have financial responsibilities:-

- other teaching staff may have roles relating to financial management e.g. heads of departments may manage their own budgets
- the term 'finance officer' is used generically to include business managers, bursars, finance assistants and school secretaries and each of these will have specific roles which need to be recognised in the school's finance policy
- some schools may have decided to appoint a 'responsible officer' in which case their role should be defined in the school finance policy

2.4 As well as describing the roles and responsibilities of governors and staff, the school's finance policy should clarify the specific limits of delegated authority relating to areas such as:

- approving tenders and contracts and authorising orders for goods and services
- authorising virement (i.e. changes to the approved budget)
- writing-off debt

For example, the policy may state that the Headteacher can agree contracts up to a value of £5,000 but higher value contracts should be referred to the Finance Committee for a decision

3. Roles & Responsibilities

3.1 **Governors** have overall responsibility for the management of the school's finances and should ensure that the school's resources are targeted on meeting the needs of all pupils and improving the quality of teaching and learning in the school. Governors should also ensure that the school's finances are managed in a way that provides value for money.

It is considered best practice for the governing body to delegate most of its financial responsibilities to a finance committee although there are some that, by law, it must retain. The model school finance policy included in Appendix 1 provides a recommended division of responsibilities between the governing body and the finance committee. Schools that choose a different division of responsibilities should consult the DfES Guide to the Law to ensure their approach is in keeping with government regulations.

To fulfil their responsibilities, governors serving on the finance committee need to provide strategic leadership and act as a 'critical friend' on financial management issues. Governors are therefore encouraged to read relevant briefing papers and attend training sessions to ensure they have the necessary skills to undertake their roles effectively. The LEA's governor training programme includes sessions aimed at improving governors' financial awareness and resource management skills and are specifically designed for governors serving on Finance Committees.

3.2 The **headteacher** is responsible for the day-to-day management of the school's finances and for providing the Finance Committee and governing body with the advice and information they need to carry out their strategic roles.

To undertake their roles effectively headteachers need to delegate some of these responsibilities to support staff such as a bursar or finance officer and should ensure that these members of staff have a clear understanding of their financial responsibilities and have access to training and development opportunities.

Regardless of whether certain tasks have been delegated to others, headteachers should ensure they receive sufficient information to keep up to date on the overall financial position of the school and to obtain some assurance about the quality of the financial control framework in the school.

- 3.3 A **bursar** or business manager can play an important role in providing expertise in financial management issues and relieving the headteacher of some of their management workload. The range of a bursar's role will vary from school to school and may include management of the personnel, premises, health and safety, ICT and office administration functions as well as providing leadership on financial management issues. It is important to recognise that bursars are employed to manage functions on behalf of the headteacher and it is increasingly becoming the norm for bursars to be members of the school's senior management team or leadership group. Bursars would also be expected to attend meetings of the Finance Committee and provide advice and support to governors.

Given their senior role it is important that bursars are provided with opportunities to undertake training to keep their skills up to date and aid their professional development. The National College for School Leadership (NCSL) has introduced the Certificate of School Business Management (CSBM) programme to provide school bursars with the range of skills they need to undertake their role effectively. The NCSL has also developed the Diploma of School Business Management (DSBM) for senior bursars, focusing on strategic issues, change management and managing school improvement.

- 3.4 Most schools employ a **finance officer** to support the headteacher or bursar in the financial administration of the school. The finance officer would normally be involved in operational tasks such as the ordering and payments processes, receipting and banking income, and administering the school's voluntary funds.

- 3.5 When allocating financial responsibilities to members of staff, headteachers should build in the following elements to maintain sound financial control:

- internal checks – one person checking another person's work
- separation of duties – distributing the work so that key tasks are assigned to separate members of staff
- a system of authorisations – each transaction is authorised before passing on to the next stage of the process

Guidance on the sorts of controls that should be present in the school are contained in the Financial Control Self-Assessment (FCSA) forms issued by Medway's Internal Audit team. Further information on the FCSA process can be found in the section on 'Accounting & Audit Arrangements'.

4. Handover of Financial Responsibilities

- 4.1 As headteachers and bursars have a significant role in the financial administration of the school, it is important to ensure that there is a managed process in place for when these members of staff leave their post and a new member of staff takes over. Appendix 2 contains a suggested format for a handover statement that is designed to ensure the incoming post-holder can obtain important financial information about the school in a clear and simple format. The form does not need to be returned to the LEA and schools can adjust the format to suit their own needs if required.
- 4.2 Ideally the outgoing and incoming post-holders would meet and agree the handover form at the same time. However, if this is not possible, the outgoing post-holder should complete the form and leave it for the incoming post-holder, together with relevant back-up information e.g. copies of financial reports, bank statements etc.

5. Further Information

- 5.1 Schools can obtain more information and evaluate their own standards of financial management by accessing the DfES teachernet website:
www.teachernet.gov.uk/schoolfinance
- 5.2 Further information about the role of school bursars can be found in the DfES booklet 'Looking for a Bursar?' which can be accessed via the following link:
www.teachernet.gov.uk/wholeschool/remodelling/bursars
- 5.3.1 More information about the CSBM and DSBM qualifications for school bursars is available from the National College for School Leadership (www.ncsl.org.uk) and information about other training and development opportunities can be obtained from the National Bursars Association (www.nba.org.uk)