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Questions for governing boards to ask: Finance

These questions are part of NGA's Questions for governing boards to ask. [Click here](#) to view the full range of questions.

Health warning: these questions need to be used appropriately. You need to consider the best time and place to ask any questions - it may be at the relevant committee meeting, rather than in a full Governing Board meeting, and must be pertinent to the discussion at hand. It is absolutely **NOT** intended that these questions should be handed over to the headteacher and an answer to each one sought. This is not a test for school leaders, but a tool to help governors.

If you are in any doubt about how to use these well, please contact NGA at governorhq@nga.org.uk.

Overarching question

Do we have a sound financial strategy, make the most efficient use of our resources, obtain good value for money and have robust procurement and financial systems?

Questions for the board to ask itself:

- a) Do we understand how the delegated budget received from the local authority or the General Annual Grant from the Education Funding Agency has been calculated?
 - i. Are we clear what items of expenditure this budget is meant to cover?
- b) How often do we receive reports from the headteacher/school business manager about spending across different departments within the school?
 - i. Is this sufficient enough to allow the governing body to effectively monitor and review spending?
- c) Do we have the necessary skills on the governing body to effectively monitor the finance and procurement processes effectively?
- d) Are there clear terms of reference for any committee(s) dealing with finance?
- e) Are there a clear financial procedures, including procedures for procurement, in place?
 - i. Are there appropriate mechanisms in place to ensure that the agreed procedures are being followed?
 - ii. Have we taken/received advice from the local authority/our auditors on our financial systems?
 - iii. Do we have sound procedures in place for fraud detection?
- f) Are we allocating funding in line with development/improvement priorities?
- g) Are we making efficient use of all our financial resources?
- h) Are there areas in which we could obtain better value for money from our budget?
- i) Are we under or over spending in any areas of the budget? Why is this?
- j) Do we have a deficit and do we have a clear plan for eliminating it?
- k) Do we have any reserves and do we have a clear plan in relation to spending them?
- l) Budget forecasting
 - i. Have we/our business manager produced forecasts for the next 3 years?
 - ii. Do we know the cost to the school of the pension increase in the coming and future years?
 - iii. Do we know the cost to the school of the NI increase in 2016 and future years?

iv. Do the forecasts take account of the impact of annual salary increases?

m) Have we considered all avenues of income generation?

Questions for the board to ask senior leaders:

- a) Does the school have the necessary skills in the staff team to manage finance and procurement well?
- b) Do you think that the governing body has the necessary skills to effectively monitor the finance and procurement processes effectively?
- c) Have you benchmarked our spending on (e.g. learning resources and energy) against similar schools?
- d) Have you considered joint procurement with other schools?
- e) Do you have a hospitality policy?
 - i. Have all governors and members of staff been made aware of it?

Local authority maintained schools:

- a) Is the Schools Financial Value Standard (SFVS) return a regular item on the relevant GB/Finance Committee agenda?
 - i. Have the governing body put in place an action plan to address any issues found when completing the SFVS
 - ii. Have all members of the governing body seen a copy of the SFVS?

Academies:

- a) Has the academy a plan to ensure all required returns are submitted to the Education Funding Agency (EFA)?
- b) Do we need a separate audit committee as set out in the Academies Financial Handbook?

Primary schools only:

- a) Can we identify how much funding is allocated to the school for the sports premium?
- b) How have we spent our sports premium funding?
 - i. What impact has this spending had on pupils' achievement in PE?
 - ii. Will our spending ensure a long term impact for pupils, beyond that of the funding itself?
- c) Have we continued to encourage eligible parents to apply for pupil premium funding regardless of the introduction of universal free school meals?

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