

A Governance

Question 1

In the view of the governing body itself and of senior staff, does the governing body have adequate financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money?

Good Practice

The school should identify whether the governing body has the right skills.

- Schools should analyse their governing body's skills on a regular basis to identify any skills gaps. The governing body's skills should be reviewed whenever appropriate, for example, if there are significant changes to the membership or to individual governors' roles and responsibilities. A good way for a school to assess their governing body's current skills is to use a matrix that summarises the main financial management skills that the governing body should have. The matrix will help governors identify the skills they have and those that collectively they need to acquire.
- Once the governing body have assessed their skills, they can put in place actions to help ensure that collectively they have adequate financial skills.

The governing body should not only have but should be seen to have adequate financial skills.

- Governors have a collective responsibility for important financial decisions in the school and are answerable to parents and the wider community. Therefore, they should be seen to have adequate financial skills, and might wish to explain how they meet this requirement on their website and in reports to parents.
- A well-run school must be willing and able to show how it has used its resources and be able to respond honestly to questions about its financial probity. Openness, transparency and integrity are key principles of good governance and financial management.

What do you do if things are not right in your school?

If your governing body doesn't have adequate financial skills, you should identify which specific skills are lacking.

You should think about:

- what the governing body's collective training needs are
- whether individual governors have the right skills for their particular role
- who the best person is to fill each skills gap
- the best way for a governor to acquire a specific skill
- how additional skills can be acquired through recruitment

This can then be developed into an action plan to address the current skills gaps.

Question 2

Does the governing body have a finance committee, or equivalent, with clear terms of reference and a knowledgeable and experienced chair?

Good Practice

The governing body should set clear terms of reference for its committee dealing with school finance.

Terms of reference for the finance committee would normally include:

- recommendation of the annual budget to the governing body including the delegation of the budget responsibilities to budget managers
- regular monitoring of actual income and expenditure against each budget and revised forecast for the year
- awarding of contracts by tender up to a specified limit
- reviewing reports by internal audit and the finance governor or responsible officer (if applicable) as to the effectiveness of the financial procedures and controls
- delegation limits above which the approval of the governors is needed before goods or services can be purchased or money can be moved between budget headings – the level of these limits will vary according to the size of your school

The tasks the finance committee should perform.

A finance committee has, at the very least, the following tasks to perform:

- preparation of draft budget
- appraising different expenditure options
- assessing expenditure bids
- forecasting rolls and expected income levels
- monitoring and adjusting in-year expenditure
- ensuring accounts are properly finalised at year end (reviewing outturn)
- evaluating the effectiveness of financial decisions
- ensuring there are effective and appropriate systems of internal financial control
- the administration of voluntary funds

SFVS Guidance 2019-2020
Northamptonshire County Council

How often should the finance committee meet and report to the full governing body?

The finance committee should provide the governing body with an on-going involvement in financial issues. It should meet frequently enough to discharge its responsibilities. In most schools at least twice a term but requirements may vary due to financial matters requiring the committee's attention, such as capital projects. The finance committee minutes should be reported to the governing body and all decisions made must be reported to the next meeting of the main governing body, usually with sufficiently detailed minutes.

Making sure the finance committee has an effective membership with adequate financial competencies.

Membership will be determined by the governing body, but should include the headteacher and people with financial expertise. If the governing body does not have governors with appropriate financial expertise, it may appoint associate members to the finance committee. Associate members are people with relevant skills and expertise and are a way that schools with limited financial expertise on the governing body can invite suitably qualified individuals to serve on their committees. Associate members do not have voting rights on the budget and financial commitments of the governing body.

What do you do if things are not right in your school?

The governing body should ensure that an appropriate committee (or equivalent) is established as soon as possible and provide them with written terms of reference. The governing body should review the membership and terms of reference for its committees annually.

How to make sure your finance committee has a knowledgeable and experienced chair.

Governing bodies should carry out skills audits to identify the skills that are present on the governing body and those that are missing so that this can be addressed by targeting governor recruitment activity. A skills audit would help identify those who have the necessary skills to undertake the role of chair of the finance committee. The Education and Skills Funding Agency (ESFA) has an example skills matrix that you could use as part of a skills audit.

Question 3

Does the governing body receive clear and concise monitoring reports of the school's budget position at least 6 times a year?

Good Practice

The monitoring reports for the governing body should be part of the school's wider financial monitoring.

Prompt, accurate and up-to-date financial information should be readily available at the appropriate levels within schools. To achieve this, schools will require clearly defined and properly used channels of reporting to the governing body on a regular basis, which should include the finance committee if the school has one. The governing body should review the income and expenditure against the budget at a meeting at least 3 times a year.

The monitoring report should have an appropriate level of information to be easily understood by the governing body.

A school that is well managed financially will report different levels of detail, with a suitable narrative explanation to different users. Monitoring reports for the governing body should include numeric information, including about the profiled budget, spend to date and end of year projections. They should also include a brief narrative covering report that highlights what the main variations are, briefly explains the reasons for the variations and suggests what would be appropriate corrective action.

The governing body should review income and expenditure against the budget.

For the process to be effective, it is crucial for governors to review the budget-monitoring reports, considering the variances and forecast over and under spends. They should discuss the report and question the headteacher on any areas of concern, such as variances or where they are unsure whether value for money is being achieved. They should ensure that the necessary action is taken so that the actual net expenditure is affordable, given the school's budget and spend to date.

Staff should have access to the monitoring reports and should know about the schools' budget and financial affairs.

The school should make sure that all staff are informed of the school's annual budget, how funding is allocated and profiled, and how the school's finances are monitored during the year. They should understand how their allocated funding and their actions affect the school's overall financial position. Once the budget has been set, it should be reviewed with relevant staff members at key points throughout the year to ensure that spending is going to plan and that budget holders understand their responsibility to keep spending on track.

SFVS Guidance 2019-2020
Northamptonshire County Council

Staff are likely to take better care of resources if they understand how these fit into the school's overall budget. It is important for staff to be aware of the impact that the budget can have on teaching resources and understand that saving money in areas such as procurement will mean that more of the budget can be invested in the school's teaching and learning priorities.

What do you do if things are not right in your school?

The governing body should identify the specific problem. For example, this could be:

- the quality or accuracy of the information
- the amount of detail provided
- insufficient explanations of variances or plans to address them
- how up-to-date the information is

It could be that the information presented is too detailed or lacks a covering narrative explanation, so that the governing body cannot easily identify the significant variances and other areas of concern.

If the school lacks appropriate software or processes to easily produce adequate monitoring reports, this needs to be addressed.

Question 4

Are business interests of governing body members and staff properly registered and taken into account so as to avoid conflicts of interest?

Good Practice

The governing body and staff should make regular declarations of business interests.

'Declarations of interest' should be a standing item at the beginning of the agenda for every governing body meeting to help identify potential conflicts of interest and if any updating or further action is needed.

Making sure declarations are taken into account to avoid conflicts of interest.

The governing body should use their up-to-date register of business interests in every meeting to identify any conflicts of interest. Individuals are responsible for declaring immediately if they have a conflict of interest with any matter being discussed. If there is a conflict of interest, the relevant person is required to withdraw from a meeting and not vote on the issue in question.

What do you do if things are not right in your school?

What to do if business interests are not properly registered and taken into account.

The school should immediately establish a register of business interests and ensure all interests are declared. If 'declarations of interest' is not an agenda item at governing body meetings, this should be drawn to the attention of the clerk to the governing body. The register should be discussed at the beginning of each meeting so that it helps to identify potential conflicts of interest and the need for anyone to withdraw or not vote.

What to do if you believe a business interest is not being declared.

Should a governor or member of staff believe that another governor or member of staff has a conflict of interest in an issue under discussion that has not been declared, they should draw this to the attention of the governing body. It will be for the governing body to determine whether the individual with the alleged conflict of interest should withdraw from the meeting and not vote on a particular issue.

Question 5

Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent, for example, on sick leave?

Good Practice

Employment of appropriate staff.

Teachers are not likely to be trained in finance. It is therefore important to employ, or have access to, non-teaching staff with appropriate financial skills. In larger schools, it is good practice to employ a school business manager and make them a member of the senior leadership team. They are then best able to support the headteacher and other senior staff in the field of finance and managing resources. Smaller schools may need to share or buy in such expertise.

The school should identify whether staff with financial responsibility have the necessary skills.

Schools should analyse the skills of staff with financial responsibilities to look for any gaps and identify any training and development needs. One way to assess your staff's current skills is to use a skills matrix. The skills matrix should identify the staff's skills and whether the skills are held by the staff who, in organisational terms, are best placed to use them.

Schools need to ensure that financial skills and knowledge are, so far as possible, spread around different members of staff. This will help to deal with:

- staff absences
- the situation where a key member of staff decides to leave the school
- ensuring controls and separation of duties as a precaution against mistakes or fraud

What do you do if things are not right in your school?

What to do if your school does not have access to an adequate level of financial expertise.

If your school lacks access to financial expertise, you should identify which specific skills are lacking, and then think about how to secure them. They might be developed through coaching or training of existing staff or filled through recruitment or buy in of services.

What to do if your school does not have adequate cover for staff absence.

You should set up appropriate arrangements as soon as possible.

B. Strategy

Question 6

Does the school have a realistic, sustainable and flexible financial strategy in place for at least 3 years, based on realistic assumptions about future funding, pupil numbers and pressures?

Good Practice

All schools should carry out a forward projection of budget in which to base a strategic financial plan.

It is possible to carry out budget projections using a simple spreadsheet but it is preferable to use more specialised budget planning software. Many local authorities and private providers offer such software, which is normally separate from a finance accounting system. Schools should integrate making forward budget projections with agreeing their wider school development plans. This will help to ensure that planned resource allocations match the school's priorities. It is important to make sure that projections of income, including income raised by the school itself, are realistic and achievable.

Making a projection in the absence of confirmed funding.

For most schools there will be some uncertainties about future funding, future pupil numbers and about the costs of staffing (since teachers may leave and new teachers arrive). It is therefore important to model a range of scenarios about income and costs, and look at how the school's budget could be balanced or brought back into balance in the different scenarios. In addition, pupil number changes will always have the most significant impact on future funding levels, regardless of any potential changes to the system, and so it should be possible to model a range of scenarios in the absence of confirmed funding.

The school should also take account of all available public information. For example, the allocations for the dedicated schools grant (DSG): 2019 to 2020 were published in December 2018. Further information on the settlement and the pupil premium is available on the DfES website. The DfES has introduced a National Funding Formula for schools. Local authorities remain responsible for determining the funding allocations for individual maintained schools after consultation with local schools and the Schools Forum.

What do you do if things are not right in your school?

What do you do if your school is not making a forward projection of budget?

The school should acquire appropriate software and set up a budget planning system. The local authority may be able to provide guidance to maintained schools on using an existing system or approach. Schools should contact their local authority for further information and support

Question 7

Is the financial strategy integrated with the school's strategy for raising standards and attainment, through curriculum-led financial planning?

Good Practice

How to link the school's plan to raise standards and attainment to its financial plans and budget.

To ensure that the learning plan or curriculum is viable and that its implementation is feasible, it should be supported by a financial plan that costs each element of it. When undertaking this process it is important that:

- senior educational leads and school business professionals are involved in the discussions
- decisions are made with reference to some core metrics to ensure staff are deployed as effectively as possible – some key metrics are average class size, teacher contact ratio, pupil to teacher ratio, percentage of spend on teaching staff and teaching assistants, the average teacher cost and the size of the leadership team
- the metrics for the school are benchmarked across similar schools
- the position is monitored regularly throughout the year

How to improve value for money by aligning planning of the curriculum and the budget.

Schools that are committed to continuously improving their management of resources ensure that financial decisions are always made in the context of their plans to improve education outcomes through the curriculum, and equally that their education objectives are costed and regularly reviewed alongside the budget. They find that deciding about deployment of resources – particularly teaching staff – is often easier if the starting point is 'what will help us achieve our priorities and improve the learning experience of our pupils' and they focus decisions around some core metrics. This enables the best targeting of funding.

What do you do if things are not right in your school?

What should you do if there is not a clear and demonstrable link between the planning of the school's budget and its learning plan or curriculum?

If the school does not currently practise integrated curriculum and financial planning, you need to introduce it. There is further information in the links below about this.

Question 8

Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?

Good Practice

All schools should ensure they have an appropriate plan.

The plan will need to cover:

- premises that could be used if the school's own premises became unavailable for an extended period
- an asset register of items in the school that need to be recorded for insurance purposes, to be kept where it would not be vulnerable to a disaster in the school
- adequate insurance for premises and contents
- daily backing up off-site of the school's important IT systems
- contingencies for significant simultaneous absence of staff

Individual schools may be aware of additional local hazards that they ought to cover.

The plan must be kept up-to-date. Any element of it that has become out of date is likely to be of no use in an emergency.

Schools should liaise with their local authority about what should be recorded in the plan. For example, the local authority may:

- have generalised arrangements for emergency premises
- have particular requirements for the asset register
- provide insurance for its schools
- provide some of the IT systems and have its own back-up arrangements

All schools should ensure they have adequate insurance.

Schools should ensure they have met legal requirements for insurance as some insurances are legally compulsory. The local authority scheme for financing schools should provide more information. Adequate insurance should compensate for large losses that otherwise could not be sustained, such as a major fire in a school.

What do you do if things are not right in your school?

What to do if you do not have a disaster recovery plan.

Schools should begin by speaking to their local authority to find out what they offer and what the plan should contain. All schools without a plan need to draw one up as soon as possible.

What to do if your plan is out of date.

An out of date plan will need to be updated urgently. Schools should do this in liaison with their local authority.

C. Setting the annual budget

Question 9

Does the school set a well-informed and balanced budget each year?

Good Practice

How to set a well-informed and balanced budget.

Schools will need to assess the main influences on the budget on the basis of the best available information, for example:

- known staffing changes
- pay awards and increments
- income assumptions
- changes in pupil numbers
- buy-back services from the local authority or external providers

Most schools should be aiming for a small surplus at the end of the year. A small number may be aiming to arrive at a much larger surplus for a particular project: maintained schools should provide details of this to the local authority. Others will be aiming at full or partial elimination of an existing deficit.

Schools should integrate budget setting with their wider plans for school development to ensure that resource allocations match their school's priorities. A good budget will allocate resources to these areas of need or development and therefore will help the school to achieve its aims.

Schools should involve a range of staff in budget planning.

There is evidence that staff take better care of resources when they are involved in the planning. It is good practice to involve teachers and other staff in planning the budget for their areas, consulting them on future needs and on ways of making efficiency gains.

What do you do if things are not right in your school?

What to do if your budget setting is not well-informed.

Schools will know that their budget process is not well-informed if they have a record of expenditure being well out of line with budget. In these circumstances, appropriate action would be to review the projections within the budget that proved to be inaccurate, and think of ways in which more accurate projections could be made or more accurate information obtained. The local authority should be able to provide guidance and support.

What to do as a maintained school if you have a deficit not agreed with the local authority.

A few schools may have an existing deficit but not a deficit reduction or elimination plan agreed with the local authority. Such schools should contact their local authority as a matter of urgency to agree an appropriate plan. The local authority's scheme for financing schools will contain provisions for the approval of licensed deficits that all schools would need to refer to.

Question 10

Does the budget setting process allow sufficient time for the governing body to scrutinise and challenge the information provided?

Good Practice

A school should be looking 3 to 5 years ahead in its budget planning, and the governing body should be signing off those provisional plans. This longer term planning will give the school a foundation from which to develop more detailed plans for each financial year as it approaches.

What do you do if things are not right in your school?

What to do if things are not right in your school

If budget planning for each year does not begin early enough for the governing body to be fully involved in the development of the budget plan, the governing body needs to rethink the planning process and start it earlier in future years.

Question 11

Is the school realistic in its pupil number projections and can it move quickly to recast the budget if the projections and the reality are materially different?

Good Practice

- A school should be able to improve its projections of pupil numbers from experience, and narrow the range of uncertainty over time.

What do you do if things are not right in your school?

If the school has a history of not projecting pupil numbers accurately, it should put effort into improving its data sources and forecasting techniques.

Question 12

Is end year outturn in line with budget projections, or if not, is the governing body alerted to significant variations in a timely manner, and do they result from explicitly planned changes or from genuinely unforeseeable circumstances?

Good Practice

Making sure that the governing body are alerted in a timely manner.

School staff should monitor the budget on a monthly basis so that they can alert the governing body as soon as they become aware that the end year outturn may be significantly different from the budget projections. If it appears that there may be significant variances, these should be reported immediately to the governing body. The school should not wait for the next meeting to report.

Providing the governing body with good information on significant variations.

Information given to the governing body should include the expected size of the variation, a narrative covering the reasons for it and options for any action that could or should be taken to put the budget back on track.

What do you do if things are not right in your school?

What should you do if outturn is different from budget projections without a good explanation?

You should take action to review the process of setting the budget, to ensure that it is taking all relevant factors into account. You should ensure that:

- expenditure is monitored against budget throughout the year
- significant variations from budget are investigated and explanations written up
- the governing body receives regular reports of this process
- the governing body has sufficient information to understand the reasons for the variances and make decisions on any proposed actions

Question 13

Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balance at the end of each year?

Good Practice

Schools should plan the balances for which they are aiming.

Schools should be aware of what their end year balance is likely to be, so that they can spend money appropriately, giving due regard to value for money.

Schools should have a clear plan for using the money held in balances.

Schools should have plans for the money they save, and should discuss plans for balances in governing body meetings, to ensure they get the best possible value from their budgets. Schools maintained by local authorities that continue to operate a clawback mechanism should ensure they adhere to their rules on balances. They should keep accurate records of plans to spend their balances in accordance with these rules as long as their authority continues to operate a clawback mechanism.

What do you do if things are not right in your school?

What to do if your school does not have plans for the money held in balances.

The school should discuss the issue at the next governing body meeting, and start to develop plans to use the money saved for the benefit of their pupils. If the maintaining authority operates a clawback mechanism, they should ensure any plans comply with the authority's requirements, as set out in their scheme for financing schools.

D. Staffing

Question 14

Does the school review its staffing structure regularly to ensure it is the best structure to meet the needs of the school whilst maintaining financial integrity?

Good Practice

What can the school do to achieve this?

DfES has published guidance on school workforce planning. This provides information about what should be considered as part of regular staffing reviews, and information about case studies and best practice. Schools are advised to plan over the medium to long term (3 to 5 years).

The staffing structure itself should be described in an open document, or documents, for all staff to see. It should be clear and accurate, and identify roles and responsibilities attached to posts. It is also good practice to display staff details and roles via a school's website and notice boards, to give pupils and parents a clear picture of who is working at the school.

When should the structure be reviewed?

A review of the staffing structure should be part of the school's workforce planning and linked to annual school improvement, curriculum and financial planning. An example 12 month staffing review cycle is included in the school workforce planning guidance.

What do you do if things are not right in your school?

What should you do if your staffing structure has not been reviewed recently?

Use the further information below and begin a review as soon as practicable, in line with curriculum and school development planning.

Question 15

Has the use of professional independent advice informed part of the pay decision process in relation to the head teacher and is it tightly correlated to strong educational outcomes and sound financial management?

Good Practice

All local authority-maintained schools must seek professional independent advice when determining headteacher salaries which exceed 25% of the stated maxima of the group size for the school.

Final decisions are at the discretion of schools, however, due regard should be given to all relevant advice.

What do you do if things are not right in your school?

If you think there is a need for professional independent advice, please contact your local authority or an external, independent advisor.

Question 16

Does the school benchmark the size of its senior leadership team annually against that of similar schools?

Good Practice

All schools should ensure they are benchmarking effectively.

Benchmarking your staffing structures, including the size of your SLT can help create a cycle of continuous improvement and develop a culture where it is easier to question the norm and make changes. Benchmarking should be used to improve the quality and impact of school services and should not be used solely to focus on reducing costs. Benchmarking can be used as a tool for improving or bringing about change and raising standards.

Selecting the right schools to benchmark against.

You should select a cohort of schools based on the characteristics of the school you are benchmarking. You should be selecting 'like for like' to get a better understanding of your workforce structures and that of other schools in your benchmark set. The characteristics of your selected set should allow sound comparisons to be made, enable you to ask questions about different categories of income and spend and encourage constructive discussions with comparator schools to help your school make changes in performance over time. Typical parameters for selection would include area, school size and percentage of deprived pupils. The benchmarking website offers you a quick comparison using pre-determined characteristics, or you can make a more detailed selection of characteristics for yourself.

Interpreting the chart data

The benchmarking tool includes a workforce tab which allows a school's to see their workforce data. This information can be displayed in various ways, including as a total, a proportion or in comparison with their number of pupils. The comparison benchmarking charts can also be displayed in this way. Care should be taken when interpreting comparative charts. This information describes the position of a school relative to others – it does not explain why a school is in this position or indicate whether it should be. There may be good reasons for a school to have relatively high or low figures. What is important is to review the differences, investigate the reasons for them and aim to make changes where there are not adequate reasons for being out of line in a particular category

What do you do if things are not right in your school?

What to do if your proportion of senior leaders appears to be out of line with similar schools.

First, you should consider whether the school has particular circumstances that create valid reasons for your staffing structure. You should also consider contacting the similar schools that are identified through the benchmarking process, to determine if there is anything can be learned from each other about how a different size leadership team can achieve greater pupil progress.

E. Value For Money

Question 17

Does the school benchmark its income and expenditure and investigate further where any category appears to be out of line?

Good Practice

All schools should ensure they are benchmarking effectively.

Schools should use benchmarking as a contributing factor to:

- plan and manage their budgets
- identify areas and setting targets for improved use of resources
- achieve value for money in expenditure and improve its effectiveness in driving performance
- deliver educational services to a defined standard

Benchmarking your income, expenditure and workforce can help create a cycle of continuous improvement and develop a culture where it is easier to question the norm and make changes. Benchmarking is not used solely to focus on reducing costs, but also to improve the quality and impact of school services. Benchmarking can be used as a tool for improving or bringing about change and raising standards.

Selecting the right schools to benchmark against.

You should select a cohort of schools based on the characteristics of the school you are benchmarking. You should be selecting 'like for like' to get a better understanding of your school's income and expenditure and that of other schools in your benchmark set. The characteristics of your selected set should allow sound comparisons to be made, enable you to ask questions about different categories of income and spend and encourage constructive discussions with comparator schools to help your school make changes in performance over time. Typical parameters for selection would include location, school size (number of pupils) and percentage of deprived pupils. The benchmarking website offers you a quick comparison using pre-determined characteristics, or you can make a more detailed selection of characteristics for yourself.

Interpreting the chart data

Care should be taken when interpreting comparative income and expenditure data. This information describes the position of a school relative to others – it does not explain why a school is in this position or indicate whether it should be. There may be good reasons for a school to have relatively high or low figures. What is important is to review the differences, investigate the reasons for them and aim to make changes where there are not adequate reasons for spending being out of line in a particular category.

What do you do if things are not right in your school?

What to do if your school does not regularly benchmark.

The school should begin to benchmark immediately. Schools need to demonstrate value for money to parents, auditors and regulators by showing that taxpayers' money is being well spent to achieve the best outcomes for their pupils.

What to do if a category of spend appears to be out of line.

First, you should consider whether the school has particular circumstances that create valid reasons for this. If there are not, you should consider how it has occurred and how the use of these resources can be improved in future. You should also consider contacting the similar schools that are identified through the benchmarking process, to determine if there is anything can be learned from them about how they allocate resource to achieve better outcomes for pupils.

Question 18

Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?

Good Practice

Staff involved in purchasing decisions should have, as a minimum, basic procurement skills and understanding.

Anyone in the school who is involved in buying and spending decisions should be aware of – and comply with – the basic procurement procedures.

Ways to improve the skills and knowledge of staff include:

- procurement training for schools – a series of online best practice modules is available to improve staff purchasing skills
- accredited training, for example, courses run by the Chartered Institute of Procurement and Supply
- advice and coaching from other staff or governors with procurement qualifications or experience
- seeking help and advice from local schools and other education providers
- joining a local school business professional (SBP) network

Establish basic procurement procedures and make sure they are used.

Basic procurement good practice procedures include:

- clear designated roles to ensure separation of duties between staff responsible for making buying decisions and making payments
- a basic decision tree or procedural manual, setting out what needs to happen at each stage of procurement, for example, identifying why you want to purchase something, whether you have a sufficient budget and whether it's your highest priority
- deciding on the right procurement approach – higher-value items should be managed more formally, to ensure probity and minimise the risk of costly mistakes
- understanding the market, for example, whether you have a good choice of suppliers and the kind of prices or deals you might expect
- choosing the supplier – for low-value purchases, this may mean getting 3 quotes and selecting the best with high-value purchases needing a formal competition and tender exercise
- managing receipt such as checking goods have arrived as described or managing on-going service contracts to maintain the quality of delivery
- making payment either as a one-off or as on-going over the life of a contract
- finishing such as procedures for the end of a contract, disposing of obsolete assets and any lessons you can learn

Procurement good practice includes the consideration of leasing goods and services rather than buying them.

DfES has issued specific guidance on leasing and subscription services for school equipment

Get value for money from every purchase.

Schools should:

- use common sense – taking too much time over low value purchases leaves less time to get the expensive, challenging ones right
- shop around – use competition to encourage established suppliers to offer better value deals
- do the research – knowing about the products as well as the suppliers helps you make informed choices
- get expert advice for specialist purchases – it may be good value to pay for professional help with complex procurements, such as ICT installation
- use frameworks such as lists of suppliers who have overarching agreements with public bodies – these can reduce the risk of not complying with legal requirements and reduce the procurement procedures required because suppliers will have already been through some of them
- think creatively – consider whether there opportunities to work in partnership with other schools or educational bodies in the area
- review your existing contract and lease arrangements to make sure they are in line with DfES policy and guidance.

For example, printers, scanners and copiers are big areas where there could be scope for a better deal. Evidence and case studies show that there are many inappropriate leases in schools costing significantly more than they need to. Schools can often make savings of up to 40%.

What do you do if things are not right in your school?

What to do if your school doesn't have a procurement or purchasing protocol.

Use the suggestions set out above to improve knowledge and understanding of what procurement is and how it can help the school to deliver its objectives and make best use of the available budget. Then develop and use a protocol ensuring effective procurement controls.

What to do if your school is not complying with procurement regulations or its own established procedures.

Make sure all staff involved in procurement, including those who approve any spending decisions, understand the legal consequences of noncompliance. You may need legal advice if your school has signed contracts that you think may be vulnerable because proper procurement procedures were not followed, or if you're 'trapped' in a costly on-going contract.

Question 19

Is the governing body given the opportunity to challenge the school's plans for replacing contracts for goods and services that are due to expire shortly?

Good Practice

It is good practice for a school to maintain a contract register, which should include:

- the contract start and end date
- the current value of the contract
- the lead in time for procurement
- information on early termination, for example, any dates or penalties incurred for early termination
- any potential for extension of the contract and
- an indication of exit strategies or re-procurement plans

The register should be shared with the governing body regularly to make them aware of any upcoming milestones in the contract register timetable and provide them an opportunity to challenge procurement plans.

What do you do if things are not right in your school?

Question 20

Does the School consider collaboration with others, for example, on sharing staff or joint purchasing, where that would improve value for money?

Good Practice

Be open and willing to discuss options with schools and trusts in your area.

Effective collaboration depends on taking the initiative to establish good open working relationships with other schools, to discuss your key objectives and priorities, including on procurement, and to be honest about areas of vulnerability, such as a lack of experience in specialist procurement markets. Some schools and trusts are understandably reluctant to admit to poor procurement decisions in the past, but these can be valuable lessons to other schools in avoiding pitfalls.

Be innovative.

Some forms of collaboration are familiar, such as schools joining together to joint-procure common goods and secure bulk-buying discounts. Look out for less typical options for collaborative buying. For example, could you negotiate a shared contract for buildings maintenance? This would have advantages for potential service providers in ensuring a constant stream of regular work across several schools and trusts, rather than less predictable intermittent work required for just one school. A collaborative contract of this kind is attractive to suppliers which can make them keener to offer competitive terms to secure the business.

What do you do if things are not right in your school?

Deals for Schools provides information on a wide range of non-staff deals that have been reviewed by the Schools Commercial Team (SCT) within DfES. These are assessed for compliance with procurement regulations, ease of use, suitability and value for money.

In addition, DfES are piloting two schools buying hubs that provide free procurement support for schools and foster closer procurement collaboration. If your school is in the north-west or the south-west, you can register here.

What to do if you have not considered collaboration.

Think about areas in which collaboration might be valuable to the school, and about local schools with whom you might be able to collaborate.

Take the initiative in talking to those schools about what collaboration might be possible.

Be aware of the particular challenges in any collaborative procurement.

Make sure you aggregate the full value of the whole contract over its entire term, don't just consider the amount your school is initially paying. Higher-value contracts will require a greater level of compliance with procurement regulations; including legal restrictions if the value is over the current EU thresholds for public sector contracts (see the support note for question 15 for more details).

Key things to consider include:

- who will have responsibility for managing any collaborative contract – this could be as simple as confirming receipt of basic goods or could involve managing the on-going supplier relationship for a service contract
- how will you resolve any problems between the supplier and a specific school
- if you have risk management protocols in place
- considering the time resources involved in managing the contract and how will these be shared fairly between all schools

Similar challenges exist in sharing procurement expertise, such as:

- defining the benefit for a school whose in-house expertise is being used by other schools or academies
- deciding if there are there any potential liability issues from following advice offered by another school or trust

Question 21

Do you compare your non-staff expenditure against the DfES recommended national deals to ensure you are achieving best value?

Good Practice

DfES's deals for schools include centrally negotiated framework agreements from audit services to water supply. Many schools have been able to make significant savings by reviewing their existing arrangements against DfES's recommended deals

It is good practice for schools to explore these deals, when their current arrangements are drawing to an end, to determine if they could achieve greater value for money than the school's current arrangements, or to renegotiate their current deals based on the prices and rates available through the DfES recommended deals.

It is also good practice to record any decisions about the suitability of these deals for your school in the comments section of the SFVS document.

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What do you do if things are not right in your school?

If your school has not yet reviewed or considered the DfES recommended deals, Governors should ask the school's procurement leader to explore the deals available on the Gov.UK web page. As procurement processes often require a long lead-in time, schools should review the deals available well in advance of the end date of current arrangements.

Please visit [buying for schools](#) for information on the support available to schools in the procurement process.

Question 22

Does the school maintain its premises and other assets to an adequate standard and make best use of capital monies for this purpose?

Good Practice

- DfES provides comprehensive information and tools to support both those who are responsible and those who are accountable for the management of the estate. This includes top 10 estate checks for boards and an organisational self-assessment tool. Governing bodies should use these tools to identify areas for improvement and test their responses with members of their senior leadership team.

What do you do if things are not right in your school?

What to do if your premises and assets are in urgent need of repair or replacement.

If you have identified work that needs to be carried out urgently and that has not been planned for, the school should see if funding can be identified from within its current budget to address urgent repairs. If the school is not able to fund the whole cost of the work, if possible, you should develop a plan that addresses the work in stages and that ensures the safety of those using the site. If you are a maintained school, contact your local authority or diocese to see if they are able to offer exceptional assistance.

F. Protecting Public Money

Question 23

Is the governing body sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the governing body?

Good Practice

Keeping a record of outstanding matters.

Schools should have a clear system for recording outstanding matters. Following an audit, the governing body and headteacher should receive an audit report (for maintained schools the auditors will be from the local authority, or commissioned by them, unless the school has organised a separate external audit). Some local authorities run theme-based audits using a sample of schools and schools should make sure they receive and take into account these audit reports as well.

The school should establish a list of issues to be addressed and a timed plan for addressing each issue. Likewise, the SFVS has a section at the end for agreed remedial action on weaknesses and a timetable for reporting back.

How to ensure you deal with outstanding issues and weaknesses promptly.

As noted above, a timed action plan should be established to address each issue. Regular reports on progress should be made to the governing body.

The school should ensure that responsibilities and lines of reporting are clear. Each action should be assigned to a named owner who should have responsibility for carrying it out and reporting back. The governing body should note formally when an issue has been cleared.

What do you do if things are not right in your school?

What to do if your school does not receive audit reports.

If a school does not receive a report following an audit inspection, it should contact the audit team as a matter of urgency.

What to do if there are outstanding matters.

If there are matters outstanding from previous audits or self-assessments, and there is no action plan or the action plan has not been carried out in full, the school needs to agree a (revised) action plan with timely milestones for actions that will resolve the outstanding matters. The plan should attribute actions to named people with clear deadlines.

If the school is not sure whether there are outstanding matters, it may be necessary to go through the previous audit or self-assessment to see what issues were raised and find out whether action has been taken on them.

Question 24

Are there adequate arrangements in place to manage related party transactions?

Good Practice

The school should be aware of and have a record of any related party transactions that have been arrived at through proper procedures.

As stated above, a related party transaction may in some cases provide the best deal and the best value for money. But to avoid any appearance of impropriety, the school should keep a record of any related party transaction, including:

- the value of the contract
- the person at the school whose interest makes this a related party transaction
- how the procurement (or appointment) was handled in order to avoid any impropriety either in practice or in appearance

What do you do if things are not right in your school?

What to do if you have an existing related party transaction that is not properly documented.

You should immediately take steps to document the transaction as indicated above under good practice. If this suggests there may have been some impropriety, you should consider whether the school can extract itself from the contract and how soon this might be done.

Question 25

Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers?

Good Practice

How to ensure that your school has adequate arrangements in place to safeguard against fraud and theft.

The governing body will expect the headteacher and other senior staff to assure them that adequate arrangements are in place, rather than seeking to put operational arrangements in place themselves. The main features of such arrangements are likely to include:

- financial management checks, reconciling accounts at the end of each month and keeping an audit trail of documents
- separation of duties – no one member of staff should be responsible for both validating and processing a transaction, for example, certifying that goods have been received and making the payment for them
- strictly limited access to systems for authorising and making payments
- spot checks on systems and transactions – this will help identify new risks and measure the effectiveness of existing controls. It also indicates to staff that fraud prevention is a high priority
- investigation and logging of every incident of irregularity, including instances of attempted fraud
- careful pre-employment checks on staff who will have financial responsibilities
- making staff members' financial responsibilities clear through written job descriptions and desk instructions

Make the information available to all staff.

The governing body and headteacher should inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them, and the consequences of breaching these controls. This information should be included in induction for new school staff and governors. Staff should be reminded of this information if an incident occurs.

What do you do if things are not right in your school?

What to do if adequate arrangements are not in place in your school.

Adequate arrangements will need to be put in place as soon as possible. If you are unsure how to do this and are a maintained school, you should contact your local authority urgently. You need to identify which arrangements are not adequate and agree an action plan to address them with a deadline for implementation. Once the new arrangements are in place, you should evaluate their effectiveness and regularly review the school's full arrangements to make sure they remain adequate.

What to do if fraud or theft is suspected or discovered, including any instances of attempted fraud or theft.

Maintained schools should contact their local authority for help and support in instances where fraud or theft is suspected or discovered and should always report the matter to the local authority.

Question 26

Are all staff aware of the school's whistleblowing arrangements and to whom they should report concerns?

Good Practice

The school should have whistleblowing arrangements in place.

All schools should have whistleblowing arrangements in place and governing body minutes should record that they do. For maintained schools, the arrangements should be based on the local authority policy, which applies to all schools within their remit, and could be tailored as appropriate for the school.

The school staff should have someone trustworthy to report their concerns to.

The governing body should agree one or more members of the school's staff and of the governing body to whom staff can report concerns. Also, maintained schools should make known to staff one or more people at the local authority whom their staff can report concerns to if they feel a need to go outside the school. All school staff should be made aware of this information.

What do you do if things are not right in your school?

Introducing or improving your whistleblowing arrangements.

If your school does not have current whistleblowing arrangements and is a maintained school, your local authority will have a policy which applies to all schools within their remit. You could contact them for a copy of this or further advice.

You should think how your local authority's policy could be tailored so that it fits the specific circumstances of your school and ensure that you have appointed named members of staff and governors whom other staff can report concerns to.

Making staff aware of the school's whistleblowing arrangements.

If staff are not currently aware of the whistleblowing arrangements, they should be informed about them in a way that is easy for all to see. In particular, they should be made aware of the:

- protection that is available to all members of staff, including temporary staff and contractors
- areas of malpractice and wrongdoing that are covered
- routes available within the school and the local authority for raising issues

Question 27

Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the consistent financial reporting return?

Good Practice

A good accounting system should enable the school to easily produce monitoring reports with different levels of detail.

The system should be able to produce reports, which include information such as:

- annual and profiled budget
- actual spend to date (paid out of the school bank or by the local authority)
- comparisons of expected spend and actual expenditure
- end-of-year projections
- a good accounting system should automate the production of monitoring reports

A good system should automatically generate reports from base financial records.

Schools should expect their accounting system to automate the production of the numeric budget-monitoring reports as much as possible, by either:

- using the reporting functions provided in school finance software packages
- downloading data from less flexible systems into linked spreadsheets that automatically pick up and summarise cost centre codes

Schools should ensure the information they record and the reports produced are accurate.

Schools are responsible for ensuring their information is up to date and accurate for their own benefit and because, for maintained schools and their annual CFR returns, these are used widely by the department, local authorities, other schools for benchmarking purposes and the general public. A good accounting system will be able to produce data extracts in common industry standard formats (for example, XML). This enables maintained schools to meet their statutory requirements for providing data to the department.

What do you do if things are not right in your school?

If your school does not have an adequate accounting system.

Many providers offer schools' accounting systems and the school should identify which system best meets their needs. For maintained schools, your local authority should be able to offer advice on the options available and the ones that are compatible with their system.

If your school is unsure about what reports are required.

The accounting system should enable the easy production of regular budget-monitoring reports in different formats (see above). Maintained schools should speak to your local authority about what reports they require. The DfES website provides further information about the reports the department requires.

Question 28

Does the school have adequate arrangements for audit of voluntary funds?

Good Practice

All schools should ensure their funds are adequately audited.

Voluntary funds should be audited annually and the audit should be completed within 3 months of the end of each financial year. All funds should be audited by an independent person who is not associated with the fund in any other way.

Funds should be audited by a qualified accountant who will provide a certificate in accordance with published professional standards. However, very small funds could be audited by a suitable individual familiar with the principles of accountancy rather than necessarily a qualified accountant.

For maintained schools, there may be relevant provisions concerning the audit in the local authority's scheme for financing schools.

What an audit should cover.

The purpose of an audit is to provide independent assurance to governors that:

- the fund concerned is being correctly operated in accordance with the fund objectives
- the financial statements produced by the fund manager are correctly stated

In order to do this the auditor will test that:

- all income has been correctly accounted for
- the monetary balances reconcile
- the stated monetary balances do in fact exist
- expenditure is reasonable and in accordance with the fund objectives
- funds have not been used as a vehicle for personal transactions
- guidelines for record keeping have been followed

Making accounts available.

SFVS Guidance 2019-2020
Northamptonshire County Council

Under Charity Commission guidelines the accounts of a school's voluntary funds should be made available on demand to interested parties, for example staff or parents. Many schools appear not to be aware of this. Also, the school should make the accounts and audit available to the governing body

What do you do if things are not right in your school?

What to do if your voluntary funds are not being adequately audited.

Schools should appoint an appropriate auditor as soon as possible. A local accountant should be suitable, provided they are not otherwise associated with the fund.

If accounts for past years have not been audited, they should be audited along with the most recent accounts and then an appropriate annual cycle of audit should be established at the end of the financial year.

Maintained schools will need to take account of any relevant provisions in the local authority's scheme for financing schools.

G. Self-assessment dashboard

Question 29

Have the results of the self-assessment dashboard been carefully considered and potential follow-up actions identified?

Good Practice

The dashboard element of the self-assessment tool provides ratings against a school's data that indicates how its spend and characteristics compare with similar schools or national recognised bandings and recommendations.

Schools should carefully consider the results for each of the indicators in the dashboard, for example:

- reasons for the rating against the threshold result
- if the school is an outlier, the scope for follow-up actions such as further investigation or other changes
- the scope for using the schools financial benchmarking service or school performance service to identify schools to contact and learn from