

## Financial efficiency checklist for governors

**Created in collaboration with our governance expert, Denise Maloney.**

Denise has gained more than 25 years of governance experience, working in roles including chair and clerk, and currently, vice chair on a board of MAT trustees. Denise also writes and runs bespoke training for governors, schools and LAs, sharing her expertise to help mentor and upskill individuals and ensure schools can run successfully.

Members of governing boards should have the knowledge and skills necessary to oversee the financial performance of their school or trust, ensuring maximum financial efficiency. Governors should agree on a committee and meeting structure that enables them to meet their responsibilities effectively and in line with any key dates, e.g. finance audits, budget setting and review, policy review cycles, and performance management. Membership of committees or any monitoring roles should be agreed using the governor skills audit to make certain that the right people, with the right skills and knowledge, are monitoring financial efficiency.

Academy trusts with an annual income of over £50 million are required to establish an audit committee to maintain scrutiny of the trust's financial controls and management of risks. Trusts with an income below £50 million can choose to establish a separate audit committee or combine it with another committee. There is no requirement, however, for a trust to establish a finance committee, but this is a recommendation outlined in the '[Academy trust handbook](#)'.

**[New]** Maintained schools must monitor their school budget a minimum of six times per annum, as stated in the DfE's '[Schools financial value standard](#)'.

Governing boards should decide at the beginning of each academic year how they intend to monitor and scrutinise financial efficiency and can use the checklist below to record their plan. The template is divided into seven sections, based on the different areas that governing boards should consider when monitoring their school or trust's financial efficiency:

- Policy and compliance
- Budget and forecasting
- Risk management
- General staffing costs
- School improvement and the curriculum
- Contracts
- Generating income and financial efficiency

The term 'governors' is used throughout the document to refer to both maintained school governors and academy trust trustees. Any question specific to either academies or maintained schools is indicated using **[school-specific tags]**. The first row of the template includes some **example text**.

Suggested monitoring activity	Has the board implemented this activity? (Yes/No)	How will this monitoring activity take place?	What is the intended impact of the monitoring activity?	How will the outcome of the monitoring be reported to the full governing board?
<b>[Updated]</b> Policy and compliance				
<p>Ensure there is a policy review schedule in place for all finance-related policies, and that policy reviews are delegated to the appropriate committee, executive or SLT member.</p> <p><b>[Academy trusts only]</b> Ensure there is a financial scheme of delegation in place which specifies who is responsible for the monitoring and review of finance-related policies.</p>	<u>Yes</u>	<p><u>Governors will agree a policy delegation and review schedule at the beginning of the academic year. This will include all finance policies.</u></p> <p><u>The clerk to governors will ensure meeting agendas include the appropriate policies as per the review schedule and that all governors receive policy reviews, updates and details of required action ahead of the relevant meetings.</u></p>	<p><u>Finance-related policies and procedures will be compliant with ESFA and DfE directions.</u></p> <p><u>[Maintained schools only] The school will also follow any advice or policies as required by the LA.</u></p>	<p><u>Policy reviews and any changes made will be reported to the finance committee by the SBM, who will attend the meeting in person to answer governors' questions.</u></p>
<p><b>[Updated]</b> Ensure the review of finance-related policies enables governors to have oversight of compliance with guidance and requirements from the ESFA and the DfE, and the LA where required.</p>				
<p>Monitor the asset register to ensure it is up-to-date and covers all relevant equipment</p>				

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and resources, in line with the Financial Procedures Policy.				
Monitor the school or trust's compliance with procurement practices.				
Ensure there is a calendar in place detailing dates of key financial activities, e.g. timelines for the completion and submission of key financial documents, and monitor compliance.				
Monitor compliance and the efficient use of any conditional funding received, e.g. pupil premium, and evaluate its impact on all pupils or relevant pupil groups.				
<b>[New]</b> Ensure financial details are published on the school website where statutory to do so.				
<b>[Updated]</b> Budget and forecasting				

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Monitor the agreed budget and forecasting on a regular basis, including any variances between the budget and actual income and expenditure.				
Ensure the chair of governors receives a copy of the management accounts on a monthly basis, and the rest of the trustees at least six times per year.				
<b>[Updated]</b> Monitor the school or trust's pupil projections and evaluate the accuracy of previous predictions.				
If a deficit budget is forecast, seek to establish from the relevant senior leaders where efficiencies may be achieved and how they will be secured.				
<b>[New]</b> If a deficit budget is forecast, inform the finance and audit chair or the LA as soon as possible.				

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Monitor the school or trust's financial contingency and recovery plan.				
<b>Risk management</b>				
Monitor the school or trust's plan for identifying and managing financial risks.				
Monitor the school or trust's financial reserves to ensure sufficient reserves are available to cover any major risks, e.g. restructuring.				
Monitor the financial forecast for the next <b>three to five</b> years which seeks to offset any identified risks.				
<b>[Updated] General staffing costs</b>				
Benchmark salaries and expenses across the school or trust against other schools and trusts locally and nationally.				

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Monitor the percentage of expenditure on staff costs against total expenditure. <b>[Staffing costs over 80 percent of total income are considered high.]</b>				
Explore the rationale for the percentage cost of staffing.				
Monitor the breakdown of staffing costs, e.g. teaching staff costs, leadership costs and site staff costs.				
Explore the rationale for all staffing costs and how this links to the priorities of the school or trust development plan.				
Explore how the school or trust adopts a flexible approach to staff recruitment and pay.				
Monitor the allocation of support staff as a resource and any efficiencies gained.				

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Monitor decisions about executive pay made following a transparent, robust process which considers performance, the degree of challenge within the role, pupil numbers and any additional benefits awarded.				
<b>[New]</b> Ensure a pay committee meets to ratify any recommendations for movement up the scale.				
Monitor leadership structures across the trust's academies and evaluate if they are proportionately similar.				
<b>[Updated]</b> School improvement and the curriculum				
Monitor the school or trust's development plan and the costs associated with implementing this.				
Monitor how efficiently financial resources are used to secure better outcomes for all pupils.				



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<b>[Updated]</b> Monitor the allocation of sufficient resources to support the implementation of the curriculum to ensure improved outcomes.				
Ensure the staffing structure required to implement the curriculum strategy is affordable and sustainable.				
Monitor the curriculum strategy to ensure it is affordable and sustainable.				
<b>[Updated]</b> Monitor and record staff absence levels, reasons for absence, and the cost to the school to ensure the curriculum strategy is not having a negative impact on staff workload and wellbeing.				
Monitor the general annual grant (GAG) received by the trust and evaluate how this is distributed to central services to support school improvement				

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and outcomes for all pupils across the trust.				
<b>Contracts</b>				
Monitor the school or trust's contract renewal process, including tendering.				
Ensure a process is in place for identifying the financial efficiency of goods and services received, including single and routine purchases.				
Monitor the building condition and maintenance strategy and the energy efficiency strategy to ensure financial efficiencies are achieved.				
<b>Generating income and financial efficiency</b>				
Monitor any collaborative purchasing and resource sharing arrangements implemented to generate efficiencies.				

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Monitor the school or trust's fundraising activities and ability to improve and maximise income.				
Monitor how the school or trust's facilities and resources, including the expertise of staff, are used to maximise income.				