

A Trusted Governance Improvement Organisation

Shaping Governance: A-Z of Governance

Breaking down key governance concepts into clear, digestible insights

F is for Financial Oversight: The Role of Governors and Academy Trusts

Su Turner, our CEO shares her thinking...

Financial oversight is a critical responsibility for academy trusts and school governing bodies. Ensuring that public funds are managed effectively, efficiently, and in line with regulatory requirements is essential to providing high-quality education. Governors play a key role in this oversight, holding executive leaders accountable and ensuring that financial decisions align with the school's strategic objectives. In this blog, we will explore the responsibilities of governors in financial oversight, steps they can take to strengthen financial governance, and how Shaping Governance can support this process.

The Role of Governors in Financial Oversight

Governors and trustees have a duty to ensure financial sustainability and compliance within their schools or academy trusts. Their responsibilities include:

- **Strategic Financial Planning:** Governors must oversee the development and implementation of a robust financial strategy that aligns with the school's long-term goals.
- **Budget Approval and Monitoring:** Governors must scrutinise and approve budgets, ensuring that resources are allocated effectively to maximise educational outcomes.
- **Ensuring Compliance:** Schools and trusts must comply with the Academy Trust Handbook (for academies) and the Schools Financial Value Standard (SFVS) (for maintained schools).
- **Risk Management:** Identifying financial risks and ensuring mitigation strategies are in place is crucial to preventing financial mismanagement.
- **Holding Leadership to Account:** Governors must challenge and support executive leaders to ensure financial decisions are made in the best interests of the school.

Steps for Effective Financial Oversight

Governors can take several proactive steps to enhance financial oversight:

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1. **Regular Training:** Staying informed on financial governance best practices and changes to education finance regulations is essential.
2. **Reviewing Financial Reports:** Governors should regularly review financial statements, management accounts, and audit reports to track financial performance.
3. **Scrutinising Expenditure:** Asking critical questions about significant spending decisions ensures value for money.
4. **Engaging with Auditors:** Building strong relationships with internal and external auditors helps ensure transparency and accountability.
5. **Benchmarking Against Other Schools:** Comparing financial performance with similar institutions can highlight areas for improvement.
6. **Encouraging Financial Transparency:** Schools should have clear financial policies and procedures in place that are accessible to all stakeholders.

How Shaping Governance Can Help

Shaping Governance provides tailored governance support, ensuring governors and trustees have the skills and knowledge needed for effective financial oversight. Our Services include:

- **Bespoke Governance Reviews:** Helping schools and trusts assess their governance structures and improve financial oversight.
- **Governor Training and Development:** Offering training sessions to ensure governors know their responsibilities.
- **Facilitated Board Meetings:** Ensuring governance discussions are focused, strategic, and impactful.

Conclusion

Financial oversight is a fundamental responsibility for governors and academy trustees. By taking proactive steps and seeking expert guidance from organisations like Shaping Governance, governing bodies can strengthen their financial governance, ensure compliance, and ultimately improve educational outcomes for all students.

Contact us: Get in touch if you want to find out more: office@shapinggovernance.co.uk

February 2025

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