

Good governance essential to avoid falling foul of the ESFA

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📅 29 November 2022 👤 Paul Wainwright

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In theory, then, there should be a real sense that financial governance in the education sector is now under control. For some schools, however, the prospect of [academisation](#) means that this may be a good time to take stock and prepare for the future.

Issues such as procurement, recruitment, the need for robust governance, and independent scrutiny, as well as transparency and information management, have been recurring features of financial management and governance reviews instigated by the ESFA in recent years. Without a strategic plan to cover the main areas of the school's business, both from a financial management and governance perspective, the prospect of [converting to an academy trust](#) may appear daunting.

Over-extended autonomy vs. lack of independence

The interaction between trustees and members needs to be developed at a corporate level to avoid the potential criticism often caused by lack of independence. This is particularly challenging where relationships have existed over time, leading to over-extended autonomy for a senior leadership team. Engaging with a trusted partner to advise on these issues early and setting out the various policies around financial procedures and risk management should be a prerequisite.

Not only does this create an environment of trust, but it engenders a culture of transparency, led by the future board, which encourages compliance with the Academies Trust Handbook requirement of being accountable as well as coming to terms with the requirements of probity and delivering value for money.

Conflicts of interest

Failings exposed by various financial management reviews published by the ESFA identify shortcuts taken in procurement and tendering, with conflicts of interest going unnoticed and unaddressed. These issues have resulted in boards being prevented from making informed decisions and the subsequent damage can be far reaching.

Internal considerations

Internally, gifts and hospitality, as well as budgets for marketing, training and staff events, need to be properly authorised and scrutinised to ensure there can be no expenditure which would be construed as irregular or excessive. A suite of effective policies which all staff can review and have access to leaves little room for excuse and is well worth the investment.

Whilst many organisations start to consider these issues above and beyond their priorities in delivering education, it’s good to know there is a wealth of Good Practice Guidance for Academy Trusts online.

External auditors

The appointment alone of external auditors will not solve the problem if the accounting officer, the board and sub-committees do not have a grasp of the issues themselves, and of their responsibilities from the outset. The exposure and scrutiny from the ESFA or the Department for Education and the management time required to deal with these issues is best avoided.

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