GovHub
SCHOOL BOARD SERVICES

Financial Governance

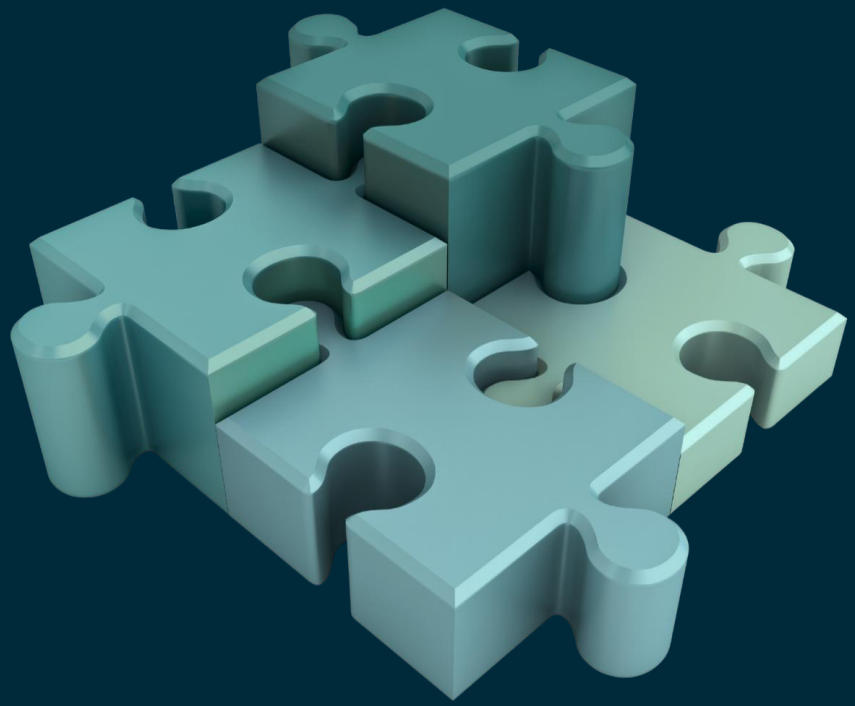
Oversight, Assurance & Accountability

Preparing our minds for the session

E te hui	For this gathering
Whāia te mātauranga kia mārama	Seek knowledge for understanding
Kia whai take ngā mahi katoa	Have purpose in all that you do
Tū māia, tū kaha	Stand tall, be strong
Aroha atu, aroha mai	Let us show respect
Tātou i a tātou katoa.	For each other.

What we'll cover

- Introduction to financial governance
- Roles, responsibilities, and ethical finance
- Financial policies, procedures, and internal controls
- Budgeting and monitoring
- Annual financial statements and audit
- Summary, support, and next steps



Part 1

An introduction to financial governance

Activity

Where do boards get money from?



Common sources of income for boards

Operations Grant

- Funds the school's day-to-day running costs and is paid quarterly on 1 January, 1 April, 1 July, and 1 October.

Special Government Funding

- For specific purposes or projects, such as specialist learning supports or new classroom builds.

Locally Raised Funds

- From donations, grants from community groups, fundraising, and international student fees.

Note: In state-integrated schools, attendance dues and funds raised by the proprietor belong to the proprietor, not the board.

All funds received and controlled by your board are public funds

- Public funds are subject to public accountability.
- Financial decisions should support the effective operation of the school and its strategic priorities.
- Boards must use funds responsibly, in line with approved budgets, and avoid extravagant or wasteful spending.
- Sensitive expenditures such as gifts, hospitality, travel, and private use of school resources require careful consideration and appropriate oversight.

Financial governance and legislation

A board must perform its functions and exercise its powers in a financially responsible way

- Goods and Services Tax Act 1985
- Public Finance Act 1989
- Crown Entities Act 2004
- Income Tax Act 2007
- Financial Reporting Act 2013
- Holiday and Employment legislation
- Education and Training Act 2020
- Education (School Boards) Regulations 2020
- Education (School Planning and Reporting) Regulations 2023

Part 2

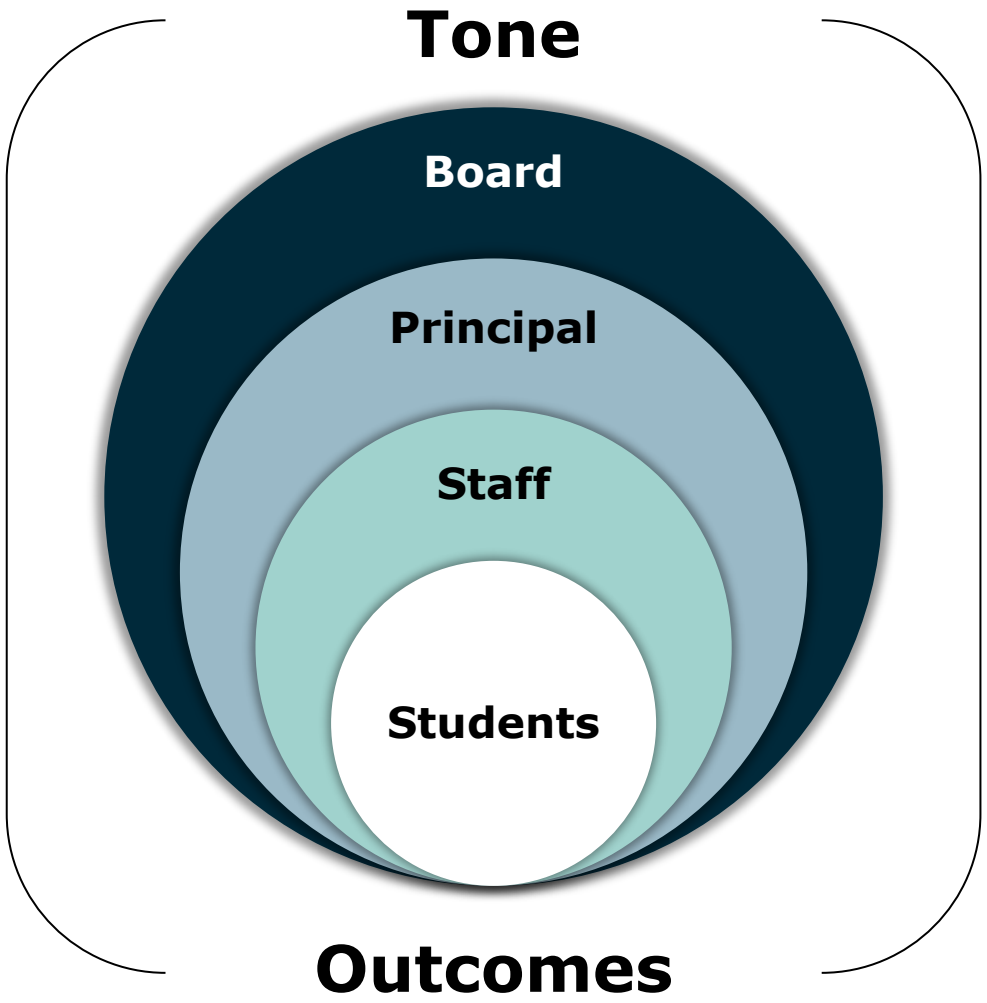
Roles, responsibilities, and ethical finance

Governance and management

Shared Responsibilities	Board (Governing Body)	Principal (Chief Executive)
Policies, procedures, and delegations	• Establishes finance policies and delegations	• Implements finance procedures and delegated authorities
Annual budget	• Approves, monitors, and records budget decisions	• Leads development, manages expenditure, and provides regular reporting
Annual statements, audit, and reporting	• Ensures annual statements are prepared, audited, and published	• Supports the statement preparation, audit, and reporting processes
Ethical conduct and financial stewardship	• Acts ethically and in a financially responsible way	• Acts ethically and in a financially responsible way

The tone at the top

- Is the culture set by leadership (governance and management).
- Describes their commitment to openness, honesty, integrity, ethical behaviour, and decision-making.
- Sets expectations for behaviour across the school community.
- Flows through the school, influencing student outcomes.



Finance and ethics

Boards demonstrate ethical financial management through:

- Probity – acting with honesty, integrity, fairness, transparency, and accountability.
- Prudence – making careful, informed, and financially responsible decisions.

Activity

- What are some ways your board could demonstrate these principles in practice?



Managing conflicts of interest

- Identify and declare any actual, potential, or perceived conflicts of interest.
- Ensure anyone with a conflict withdraws from discussion and decision-making on the matter.
- Record conflicts in the meeting minutes and an interests register.
- Follow the Code of Conduct for School Board Members.

Note: Board members with a financial interest in board contracts totalling more than $25,000 in a financial year must obtain approval from the Secretary for Education to remain on the board.

Part 3

Financial policies, procedures, and internal controls

How they work together

Policies

- Finance policies establish your board's expectations and boundaries for how the school's funds and assets are managed.



Procedures

- Finance procedures set out how these policies are implemented in practice.

Internal controls

- Internal controls are the checks and safeguards used to manage financial risk.

Activity

Consider

- What are some common financial risks that exist in schools and kura?
- What internal controls could be used to manage these risks?



Key areas for board policy

- Budgeting and financial planning
- Financial sustainability and controls
- Purchasing and expenditure
- Grants and tagged funding
- Asset management and protection



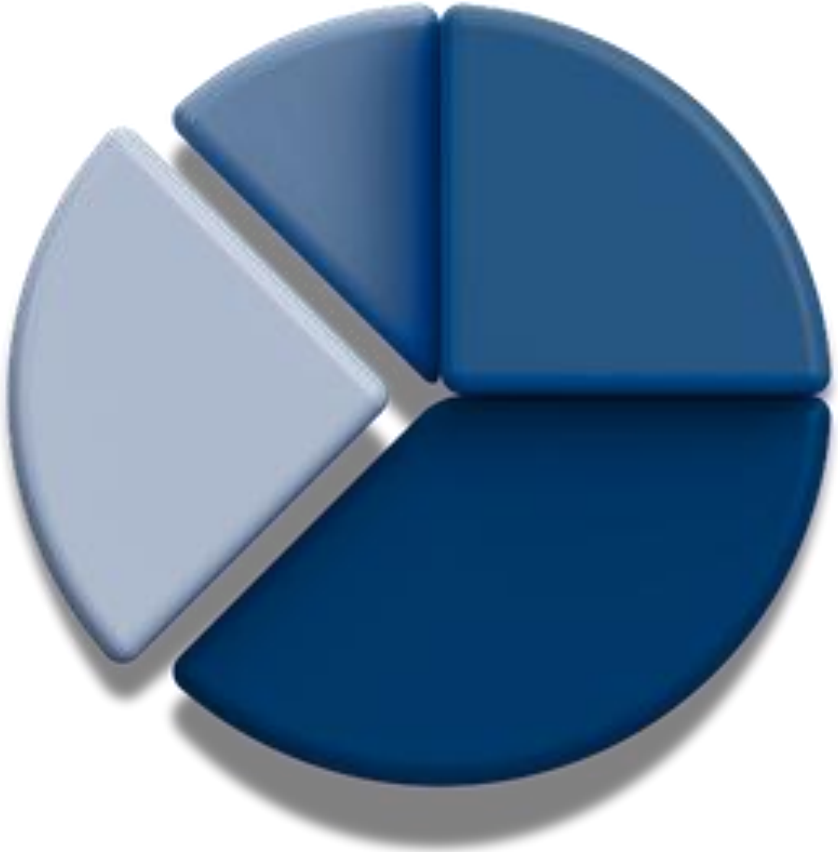
Part 4

Budgeting and monitoring

The annual budget

- Is a best estimate of income and expenditure for the year ahead.
- Helps your board allocate resources and monitor financial performance.
- Involves three key stages:

  1. Prepare
  2. Approve
  3. Monitor



Scenario

The principal and finance committee have prepared next year's budget and recommended that your board approve it.

Before making a decision, you want to be confident that the budget is realistic, affordable, and supports your board's strategic priorities.

Discuss

- What would you seek assurance about?
- What questions would you ask?
- What information would you want to see?

Budget considerations

- Financial position
- Income
- Roll projections
- Cyclical maintenance
- Asset replacement
- Strategic priorities
- Staffing
- Other costs



Financial reporting to the board

- Is the responsibility of the principal.
- Helps your board monitor progress and make informed financial decisions.
- Should be accurate, timely, relevant, and easy to understand.
- Commonly includes:
  - Statement of financial performance
  - Statement of financial position
  - Variance commentary (when required)
  - Staff Usage Expenditure (SUE) report



Monitoring the budget – a governance lens

When reviewing financial reports, ask:

- Are we tracking against the budget as expected?
- Has anything changed since the budget was approved?
- Are there any significant variances that the board needs to be aware of?
- Are there any emerging financial risks?
- Does the board need to take any action?



For significant variances or emerging issues, ask:

- What happened?
- Why did it happen?
- What is the impact?
- Is any action required?

Key areas to monitor

Financial Position	• Are we on track to achieve the budgeted result? • Do we have sufficient cash to meet our commitments? • Can we pay our bills?
Income	• Are we receiving the income we expected? • Have any funding sources changed?
Student Roll	• Are student numbers tracking as expected? • What impact are any roll changes having on our finances?
Staffing	• Are staffing costs within budget? • Can we continue to afford extra board-funded positions?
Maintenance	• Are maintenance projects and costs on track? • Have any unexpected property costs arisen?
Asset Replacement	• Have any new asset replacement needs emerged? • Is funding still available for planned replacements?
Strategic Priorities	• Is spending supporting the board's strategic priorities? • Are there any changes to the Annual Implementation Plan that require budget adjustments?

Part 5

Annual financial statements and audit

Annual financial statements

- Cover the period 1 January to 31 December.
- Show how your board has used public funds and managed the school's finances.
- Must be:
  - Prepared annually (in-house, by an external provider, or a combination of both).
  - Submitted for audit within 90 days of the financial year-end (by 31 March).
  - Included in the Annual Report once audited.



Information for the auditor

Before the audit

- Draft annual financial statements.
- Supporting working papers and documentation.
- Evidence of internal controls over payments and receipts.
- Signed board minutes (including in-committee and committee minutes).
- Approved budget, general ledger, and trial balance.
- Employment settlement documentation (if applicable).

After the audit

Return these documents to the auditor once approved and signed.

- Final annual financial statements (adopted by the board).
- Statement of responsibility and letter of representation (signed by the current principal and presiding member).

The independent auditor's report will be issued once these documents are received.

Annual finance and audit activities

Date	Task
By 31 Dec	• Draft budget prepared and provisionally approved by your board.
Feb/Mar	• Final budget approved by your board.
By 31 Mar	• Draft annual financial statements and supporting documentation submitted to the auditor.
April/May	• Final annual financial statements, statement of responsibility, and letter of representation returned to the auditor. • Independent auditor's report received.
By 31 May	• Annual report submitted to the Ministry and published online.
July/Aug	• Mid-year budget review.

Part 6

Summary, support, and next steps

Reflection and next steps

What we covered today:

- Introduction to financial governance
- Roles, responsibilities, and ethical finance
- Financial policies, procedures, and internal controls
- Budgeting and monitoring
- Annual financial statements and audit



Support and information

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Closing the session

Unuhia, unuhia	Draw on, draw on
Unuhia ki te uru tapu nui	Draw on the supreme sacredness
Kia wātea, kia māmā, te ngākau, te tinana, te wairua i te ara tangata	To clear, to free the heart, the body, and the spirit of mankind
Koia rā e Rongo, whakairia ake ki runga	Rongo, suspended high above us
Kia tina! Tina! Hui e! Tāiki e!	Draw together! Affirm!

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Ngā mihi nui!
Thank you!