

A GOOD PRACTICE SELF-EVALUATION TOOL FOR FINANCIAL GOVERNANCE

Ref	Good practice	Evaluation level 1 to 4	Evidence for assessment and improvement actions
	<p>Role of the finance governors</p>		
1	Has the governing body set the tone for the institution indicating that finance matters ?		
2	Do the finance governors ¹ clearly understand their roles and responsibilities ? Do they understand the part they play individually ?		
3	Do the finance governors clearly understand the interface between the audit committee and the governing body and other committees with financial responsibilities ?		
4	Are finance governors independent of the management team and other committees ?		
	<p>Skills and expertise</p>		
5	Do the finance governors have the right skills and expertise to enable them to challenge effectively ?		
6	Do they understand the financial regime in which the institution operates ?		
7	Do finance governors have an		

¹ Finance governor refers to the governors on the committee or committees of the institution which have responsibility for the oversight of the institution's financial affairs.

	understanding of the key challenges facing the institution over the medium to long term and the institution's environment and strategy ?		
8	Do the finance governors have an appreciation of how the finance function operates ?		
9	Do the finance governors understand the health of the institution relative to the sector including performance trends, productivity, benchmarks and assurance that value for money is being achieved ?		
10	Do the finance governors have an understanding of the accounting policies in use in the institution ?		
11	Do the finance governors understand the key financial risks to the institution ?		
	Behavioural and operational aspects		
12	Are all the finance governors fully engaged and participative in discussions on finance issues ?		
13	Do the finance governors ask 'tough questions' ?		
14	Do the finance governors draw and reflect on their experiences of other organisations in discussions ?		
15	Do the finance governors demonstrate commitment to the strategy for long term		

	health and its implementation throughout the institution ?		
16	Do the finance governors have confidence in the financial management of the institution ?		
17	Do the finance governors have confidence in the leadership of the finance department ?		
18	Do the governors and in particular the chair of the finance committee (or equivalent) have a respectful and constructive relationship with the director of finance ?		
19	Do the finance governors have access to the director of finance and vice versa ?		
20	Does the director of finance attend meetings of the governing body and its committees dealing with resource and financial issues ?		
21	Is the director of finance a member of the senior decision making team ?		
	Information and support		
22	Have the finance governors received adequate induction ? Do they receive regular updates tailored to their needs ?		
23	Do the clerking arrangements for the finance committee (or equivalent) ensure that the finance governors time is used effectively ? eg is there a good reason for each item being on the		

	committee's agenda ? Are all papers circulated sufficiently in advance (and none tabled ?). Do the reports prepared for the finance governors make it clear what they are being asked to do/agree ?		
24	Do the finance governors receive good quality financial advice ? Are reports comprehensive but concise and tailored to their needs ? Is the information they receive robust and objective ?		
25	Do finance governors have a mechanism to keep them aware of topical legal and regulatory issues, for example, by receiving circulars, training? Are they briefed on significant changes ?		
26	Does the information supplied to finance governors include financial reports on balance sheet items and clearly distinguish between capital and revenue ?		
27	Do the finance governors receive costing information to support decision making ?		
28	Do the finance governors understand the real financial position of the institution and prospects for sustainability ?		
29	Does the budget report supplied to finance governors identify major risks and financial consequences ?		
	Activities and functions		
30	Do the finance governors scrutinise decisions effectively and offer constructive challenge ?		

31	Do the finance governors have the opportunity to review and challenge the budget ?		
32	Do the finance governors review the budget on a regular basis (how often ?) to ensure it will not overspend, to understand the reasons behind any underspend and to ensure that resources are spent in accordance with agreed policy ?		
33	Are the finance governors able to review critical financial risks on a regular basis ?		
	Review		
34	Do the finance governors assess their collective performance on a regular basis ? Do they assess how they could carry out their business more effectively ? eg improved meeting time table		
35	Are there KPIs in place against which the finance governors can assess their performance ?		

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