

Appendix 2

Sample Terms of Reference for the Board of Management Finance Sub-Committee

1. The Finance Sub-Committee monitors the financial affairs of the school and makes recommendations and reports to the Board of Management as appropriate.
 - The Sub-Committee ensures that there are adequate internal controls over all financial transactions conducted by the school and that these are reviewed regularly. In particular, the Sub-Committee will establish and keep under review school practices and procedures in the following areas:
 - **Payment procedures**
 - **Procedures for the receipt of money**
 - **Purchasing**
 - **Payment of wages**
 - **Control of stock and assets**
 - The Sub-Committee ensures that best practice obtains with regard to **cash transactions** and makes recommendations to the Board as necessary.
 - The Sub-Committee ensures that adequate **accounting records and registers** are maintained by the school. Recommendations for change or improvement may be made to the Board from time to time.
 - The Sub-Committee should review the **financial information systems** within the school to ensure that the Board has adequate information upon which to make decisions and to satisfy itself that the school finances are being managed in such a manner as to meet its obligations to the school community, the Trustees, the Department of Education and Science and other interested parties such as the Revenue Commissioners.
 - The Sub-Committee will have access to all **accounting records** held by the school such as original bank statements, correspondence, invoices, Asset Register, and wage records as it sees fit from time to time.
 - The Sub-Committee may request the Principal to provide a report on any aspect of school accounts at its discretion.

2. Early in the second school term, the Finance Sub-Committee meets to draw up the **school budget** for the following school year. A draft budget is presented to the full Board with ratification completed by April or May. In drawing up the budget, the following considerations should be kept in mind:
 - **Projected expenditure must not exceed projected income.** The Board of Management is not permitted to budget for a deficit without prior sanction from the Trustees.
 - Ideally, **expenditure budgets** should not exceed **expected income** from the Department of Education and Science.
 - It is advisable to maintain **income received** from other sources such as Parents' Councils and fund-raising for **developmental purposes**.
3. At each meeting of the Board the Finance Sub-Committee presents an up-to-date written **financial statement** showing **receipts and payments** summary, actual **income and expenditure** compared to **budget**, a **bank reconciliation statement** and a short progress report on the funding activities currently engaged in by the school (**See Appendix 5**). Following consideration, the financial report should be formally approved by the Board.
4. The Finance Sub-Committee ensures that all **accounts and documentation** are prepared for the Accountant at the end of the school year. On receipt, the annual school accounts are presented to the Board for formal ratification and copies sent to the Trustees and the JMB Financial Support Services Unit.
5. On an ongoing basis, the Finance Sub-Committee ensures the following:
 - That the Board does not enter into any financial commitment for which there is no provision.
 - That all PAYE / PRSI requirements are met.
 - That lease arrangements / loans which have been approved are examined and monitored.
 - That procedures are in place to monitor receipts, payments and the rate of hire of school property or equipment (such as sports hall and computer facilities).
 - That annual stock taking takes place.
 - That the school Asset Register is maintained and updated.
6. The Finance Sub-Committee meets on a regular basis as required by the Principal and the Board of Management to enable it to discharge its duties and to contribute to the good management of the school.