

The Board of Management Finance Sub-Committee

1. The Finance Sub-Committee

The Finance Committee is a sub-committee of the Board of Management established to carry out the duties assigned to it by the Board.

In establishing a Finance Committee, the Board needs to formally agree:

- a) Terms of reference and functions to be performed by the committee. (Sample terms of reference are listed below.)
- b) Membership of the committee
- c) Tenure of office – normally coinciding with the three year term of the Board
- d) Reporting arrangement with the Board and Trustees.

2. Functions of the Finance Sub-Committee

The Finance Sub-Committee monitors the financial affairs of the school and makes recommendations to the Board as appropriate. This includes the following:

- a) Drawing up the annual budget of the school for presentation to and adoption by the Board of Management
- b) Preparing and presenting regular financial reports for the Board
- c) Organising the preparation of school accounts for the External School Accountant
- d) Overseeing the school's asset register
- e) Ensuring that recommended school internal controls are put in place and followed
- f) Ensure that the requirements of the Education Act 1998 and of the schools governance document in relation to school finances are met
- g) Complying with financial requirements of Trustees, Financial Support Services Unit and the Department of Education.

3. Sample Terms of Reference Finance Sub-Committee

A. The School Budget

Early in the second school term, the Finance Sub-Committee meets to begin the process of drawing 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
- It is advisable to maintain income received from other sources such as Parents' Councils and fund-raising for developmental purposes.

B. Financial Reports to the Board

At each meeting of the Board, the Finance Sub-Committee presents an up-to-date **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. Following consideration, the financial report should be formally approved by the Board.

C. Accounts and Documentation

The Finance Sub-Committee ensures that all **accounts and documentation** are prepared for the External School 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.

D. Internal Controls

1. 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 procedures**
 - **Payment of wages**
 - Control of **stock** and **assets**.
2. The Sub-Committee ensures that best practice obtains with regard to **cash transactions** and makes recommendations to the Board as necessary.
3. 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.
4. 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 other interested parties such as the Revenue Commissioners.
5. 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.
6. The Sub-Committee may request the Principal to provide a **report** on any aspect of school accounts at its discretion.

E. The Finance Sub-Committee ensures

- That the Board does not enter into any financial commitment for which there is no provision
- That all Revenue Commissioners requirements are met
- That all lease arrangements/loans are approved and monitored
- That all payments and procedures for the hire of school property or equipment are monitored e.g. sports hall, computer facilities
- That stock taking occurs on an annual basis
- That the school's asset register is maintained

F. Meetings

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. A formal record of meetings should be retained.