

# 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 - this should comprise the Principal and two nominees of the Board. On occasions, the Board may also wish to invite a non-Board member to sit on such a committee.
- c) Tenure of office – normally coinciding with the three year term of the Board
- d) Reporting arrangement with the Board and Patron.

## 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/Auditor
- d) Overseeing the school's asset register
- e) Ensuring that recommended school internal controls are put in place and followed
- f) Complying with financial requirements of Patron/Trustee, Financial Support Services Unit and the Department of Education and Skills.

## 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 Department of Education and Skills

## **B. Financial Reports to the Board**

At each meeting of the Board, the Principal presents an up-to-date **financial statement** showing receipts and payments summary, actual income and expenditure compared to budget, a bank reconciliation statement for all bank accounts 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/Auditor at the end of the school year. The annual school accounts are presented to the Board for formal ratification and a copy sent to the Patron. Year end accounts may also be requested by 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 transaction streams and activities:
  - **Payment procedures**
  - **Procedures for the receipt of money**
  - **Purchasing procedures**
  - **Payment of wages**
  - **Control of stock and assets**
  - **Cash handling procedures**
2. The Sub-Committee monitors the operation of all cash undertakings which may be authorised by the board to ensure that best practice pertains 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 for consideration and action as appropriate.
4. The Sub-Committee reviews the **financial information systems** within the school to ensure that the Board has adequate information upon which to make decisions and satisfies itself that the school finances are being managed in such a manner as to meet its obligations to the school community, the Department of Education and Skills and other interested parties such as the Revenue Commissioners.
5. The Sub-Committee has 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.
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 should meet prior to all board meetings to discuss the financial reports from the Surf system in detail, to enable it to discharge its duties and to contribute to the good management of the school. A report should be read to the main board meeting. A formal record of meetings should be retained.