

Financial Governance for the Finance Sub-Committee

2023/2024



Webinar



Webinar recording



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Questions

Financial Support Services Unit (FSSU)

The FSSU was set up under DE Circular M36/05

Further Circulars 60/2017 & 02/2018 issued to include the primary and Community & Comprehensive sectors

The FSSU is primarily a support mechanism for C&C, primary and voluntary secondary schools

Financial Support Services Unit (FSSU)

Advice & Support

Standard National
Template

Central Repository

Compliance

Audit

Training

Agenda



Part 1

Format and responsibilities of the Finance Sub-Committee (FSC)



Part 2

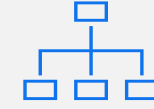
Financial Reports

Agenda:

Part 1 - The Finance Sub-Committee



A. Importance of Financial Governance & the role of the FSC



B. Membership & Tenure of Office



C. Terms of Reference & Function of the FSC



D. Reporting arrangements

Agenda:

Part 2 - Reviewing the Monthly Financial Reports



Step 1:

Recommended financial reports for the finance sub-committee



Step 2:

Reviewing the financial reports



Step 3:

Preparing the summary finance report for the board



Step 4:

Presenting the summary financial report to the board

Part 1

A) Importance of Financial Governance and the Role of the Finance Sub-Committee



Importance of Financial Governance and the role of the finance sub-committee

01

Resource
Allocation

02

Accountability

03

Transparency
and
communication

04

Compliance
and Legal
Requirements

05

Oversight

B. Membership & Tenure of Office



B. Membership & Tenure of Office

Key Points



- ▶ FSC must meet before main board meeting
- ▶ Review of FSSU recommended monthly reports
- ▶ Summary report prepared
- ▶ Minutes of meeting must be maintained

C. Terms of Reference & Function of the Finance Sub-Committee



Terms of Reference & Function of the Finance Sub-Committee

01

Annual
Budgeting

02

Financial
Reporting

03

Annual
Accounts

04

Asset
oversight

05

Internal
Controls

06

Legal &
Regulatory
Compliance

Terms of Reference & Function of the Finance Sub-Committee

Annual Budgeting



Training



Review the Budget



Ensure board approval



Monitor the budget

Terms of Reference & Function of the Finance Sub-Committee

Financial Reporting



FSSU recommended reports



Summary report

Terms of Reference & Function of the Finance Sub-Committee

Annual Accounts



Financial Information to the school accountant



Draft accounts reviewed & approved by the board



Signed Copy returned to the accountant



Accountant inputs the school's trial balance & uploads a PDF copy of the approved accounts to the FSSU portal by 28th February

Terms of Reference & Function of the Finance Sub-Committee

Asset Oversight



Approval by the board or trustee/patron



Fixed asset register



Adequate insurance



Outside users of school premises

Terms of Reference & Function of the Finance Sub-Committee

Internal Controls



Internal Controls Manual



Credit Card



Purchasing procedures



Payment procedures

In the News



June 2021

- “Principal used the school’s Visa card to pay for meals in restaurants, golf equipment and weekends away to the tune of €66,000”
- “Cheques were improperly drawn on school accounts amounting to €29,000

Internal Controls



Board approval

Patron/Trustee approval

Principal is the only person that should have a school credit card

Credit card policy in place

Monthly credit card statement signed by the chairperson of the board

In the News



May 2023

- “Principal pleads guilty to 109 counts of theft over a four-year period between September 2012 and July 2016.”
- “The report established he stole over €55,000 from the school bank account in cash.”
- “Chairperson – It was common to sign six / eight blank cheques at any one time for school”

Internal Controls



Purchase order procedure in place

A triplicate purchase order book

Principal signs off on all purchases

Large amounts approved by the board

Internal Controls



2 cheque signatories/online approvers – always the Principal and other person approved by the board

Person entering the payments on the system should not be an approver or cheque signatory

Board has approved signatories/online approvers

Supporting invoices or other documentation are initialled by the cheque signatories as evidence of approval

Internal Controls



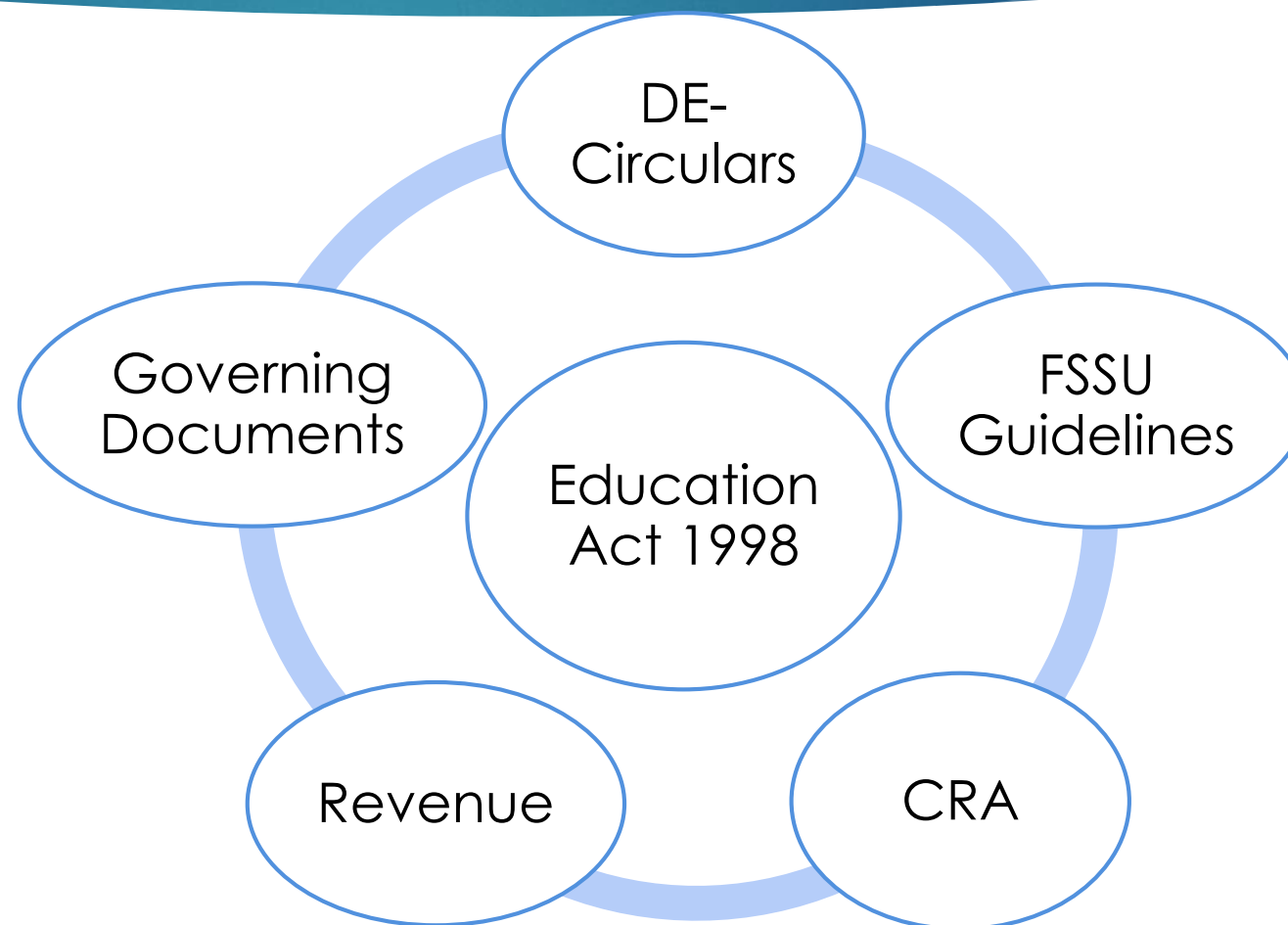
No post-dated cheques, unsigned cheques or partly completed cheques should be used or stored.

Under no circumstances should a blank cheque be signed by a signatory

No debit card allowed

Terms of Reference & Function of the Finance Sub-Committee

**Legal &
Regulatory
Compliance**



Charities Regulator Requirements

All schools must be registered (www.charitiesregulator.ie)

RCN – on school headed paper, website, fundraising material

Update board of management members details (referred to as trustees by the charities regulator)

Review annual report – deadline 30th June

D. Reporting arrangements



Trustee/Patron



Board of Management



Department of Education & the FSSU

D. Reporting arrangements – school trustee/patron

Key Points:

- ▶ Forward annual budget once approved by the board
- ▶ Forward annual accounts once approved by the board
- ▶ Prior approval for any capital/building works
- ▶ Prior approval for any loans/leases
- ▶ Prior approval for application of a school credit card



D. Reporting arrangements – the board of management

Key Points:

- ▶ Summary report of the school's financial position at each board meeting
- ▶ Principal or another designated member of the FSC presents the summarised report
- ▶ The chair of the FSC addresses any questions
- ▶ Financial reports are approved by the board
- ▶ All board members are furnished with a copy of the full financial reports



D. Reporting arrangements – the Department of Education & the FSSU

Key Points:

- ▶ S19 of Education Act 1998 – a board shall supply the patron and the Minister with such information regarding the performance of the board's functions
- ▶ FSSU - format of annual accounts
- ▶ Submitted by external accountant by the 28th February



Agenda:

Part 2 - Reviewing the Monthly Financial Reports



Step 1:

Recommended financial reports for the finance sub-committee



Step 2:

Reviewing the financial reports



Step 3:

Preparing the summary finance report for the board



Step 4:

Presenting the summary financial report to the board

Step 1: Recommended financial reports for the finance sub-committee

Reports and supporting documentation

3 days before meeting



Up to date

Confidential

Step 1: Recommended financial reports for the finance sub-committee

A list of balances on all school bank and cash accounts

A bank reconciliation statement for each bank account

Payments and receipts listings for each bank account

Income and Expenditure Account report showing actual versus budgeted figures

Balance Sheet report

Step 1: Recommended financial reports for the finance sub-committee

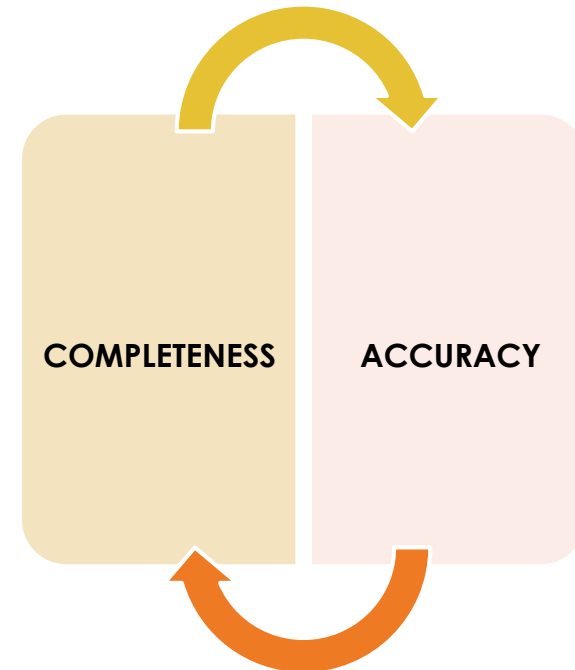
Supporting documentation

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- i. List of all creditors/outstanding invoices/accruals
- ii. Supplier invoices and statements since the last committee meeting
- iii. Summary of income/grants received in advance for the next school year
- iv. List of prepayments
- v. Gross to net payroll reports since the last committee meeting
- vi. List of employees showing their approved gross annual/weekly/monthly/hourly pay
- vii. Capital income and expenditure account
- viii. Bank Statements
- ix. Credit card statement and supporting documentation approved by the chairperson
- x. The nominal activity report
- xi. RCT and VAT returns since the last committee meeting
- xii. FSSU Guidelines issued since last committee meeting



Step 2: Reviewing the financial reports



Step 2: Reviewing the financial reports

Balances on all school bank accounts



1800	Current Account	76,489.00
1810	Deposit Account	47,948.00
1900	Petty Cash A/c	114.00
Totals:		€124,551.00

Step 2: Reviewing the financial reports

Bank reconciliation statement for each active bank account

Bank reconciliation

Balance per accounts/cashbook €10,000



Balance per bank statement €11,000



Difference:

Unpresented payments or lodgements €1,000



Step 2: Reviewing the financial reports
Payments and receipts listing for each bank account



Step 2: Reviewing the financial reports

Income and expenditure account report showing actual versus budgeted figures

1 **Date Range:** 1st Sep 20XX To 31st Aug 20XX

1 **From:** Month 1, September 20XX **To:** Month 12, August 20XX

Code	Description	Current Period	Budget	Variance	Comp. period/ Prior year
		€	€	€	€
Income and Expenditure Account					
Income					
Income Department Grants					
3010	Non Pay Budget	71,361.00	349,700.00	-278,339.00	380,177.00
3020	DEIS Grant	-	26,500.00	-26,500.00	25,718.00
3030	Non Teachers Pay Budget	44,465.00	222,250.00	-177,785.00	236,887.60
3050	Support Services Grant	9,000.00	156,000.00	-147,000.00	47,948.00

Step 2: Reviewing the financial reports

Income and expenditure account report showing actual versus budgeted figures

Code	Description	Current Period	Budget	Variance	Comp. period/ Prior year
		€	€	€	€
Repairs maintenance & Establishment					
5010	Caretakers Wages	55,876.46	57,000.00	(1,123.54)	56,900.00
5110	Cleaners Wages	34,334.44	35,000.00	(665.56)	34,500.00
5150	Contract Cleaners	2,315.40	2,500.00	(184.60)	2,450.00
5170	Cleaning Materials	8,804.53	9,000.00	(195.47)	8,900.00
5310	Repairs - Buildings & Grounds	27,309.25	15,000.00	12,309.25	14,500.00
5350	Repairs - Furniture, Fittings, Equipment	15,586.05	15,000.00	586.05	14,500.00
5400	Security	4 160 43	1 800 00	2 360 43	1 750 00
Income Department Grants					
3010	Non Pay Budget	71,361.00	349,700.00	-278,339.00	380,177.00
3020	DEIS Grant	-	26,500.00	-26,500.00	25,718.00
3030	Non Teachers Pay Budget	44,465.00	222,250.00	-177,785.00	236,887.60
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Step 2: Reviewing the financial reports

Income and expenditure account report showing actual versus budgeted figures

Ring fenced Grants

Grant code	Grant name	Grant Received €	Expenditure code	Expenditure name	Expenditure Amount €	Surplus/ Deficit €	Comment
3150	Book Grant		4730	Book Grant Expenses			
3240	Supervision & Substitution Grant		4150	Supervision & Substitution Expense			
3230	ICT Grant Non Capital		4410	ICT Grant Non Capital Expense			
3294	Bus Escort Grant		4196	Bus Escort Salary Expense			
3296	DEASP School Meals Grant		4912	DSP School Meals Food Costs			

Step 2: Reviewing the financial reports

Income and expenditure account report showing actual versus budgeted figures

School Generated Income

Income Code	Income	Income Amount €	Expenditure Code	Expenditure	Expenditure Amount €	Surplus/ Deficit €	Comment
3310	Transition Year Income		4590	Transition Year Expense			
*If the board allocate the TY Grant to the TY year, then this can be included here as well							
3495	Mock Exam Income	9,000	4750	Mock Exam Expense	12,000	(3,000)	
3490	After School Study Income		4190	After School Study Expense			
3520	School Musical Income		4720	School Musical Expense			
3530	School Tours Income		4710	School Tour Expense			

Deficit funded from school funds, approved by BOM

Step 2: Reviewing the financial reports
Income and expenditure account report showing actual versus budgeted figures

Bottom Line Position

NET PROFIT/(LOSS) / SURPLUS/DEFICIT	(3,263.64)	14,618.00	(17,881.64)	0.00
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Inform Trustees of Deficits

Step 2: Reviewing the financial reports

Balance sheet report



Fixed Assets



Current Assets



Current Liabilities



Long Term Liabilities



Capital & Reserves

Step 2: Reviewing the financial reports

Balance sheet report



VSS

1	Period	Code	Description	1	Period	2	Prior Year
	Brought Fwd - Aug 20XX				Brought Fwd - Aug 20XX		Sep 20X - Aug 20XX

C&C

Date Range: 1st Sep 20XX To 31st Aug 20XX

Code	Description	20XX	20XX
		Current	Comparative
		€	€



Fixed Asset			
1420	Capital: Fixtures, Fittings and Equipment Cost B/Ewd	35,000.00	10,000.00
1421	Capital: Fixtures, Fittings and Equipment Additions	5,000.00	25,000.00
		€40,000.00	€35,000.00

1800	Current Account	5,854.18
1810	Deposit Account	45,000.00

Step 2: Reviewing the financial reports

Balance sheet report



Review

Current Liabilities		
Creditors		
2100	Creditors Control Account/Purchase Ledger Control Account	1,820.00
2250	PAYE/PRSI Control	5,600.00
2260	VAT Control Account	2,700.00
2270	RCT Control Account	4,000.00

Step 2: Reviewing the financial reports

Balance sheet report

Review

Total Assets less Current Liabilities:

8

781,263.54

Capital & Reserves

Retained Profits

2710	Retained Profits		66,000.00
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Total Retained Profits:

66,000.00

Retained Profits

3900	DES Building Grant	43	5,600.00
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3920	DES Equipment Grant	26	2,927.18
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3921	ICT Grant Capital Income		20,000.00
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Total Contribution Fixed Assets:

71

8,527.18

TOTAL Capital & Reserves:

784,527.18

Income And Expenditure Account:

(3,263.64)

8

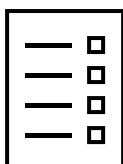
781,263.54

These two figures
should match

Suspense account
???

Step 2: Reviewing the financial reports

List of all creditors/outstanding invoices/accruals



Step 2: Reviewing the financial reports

Summary of income received for next school year

Creditors Accruals

2105	School Income Received in Advance	22,200.00	26,500.00
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Step 2: Reviewing the financial reports

Summary of grants received for next school year

2150	Grants Received in Advance	20,200.00	19,000.00
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Book Grant (All Schools)

DEIS Grant (All DEIS Schools)

Non-Pay Grant (C&C only)

Non-Teaching Pay Grant (C&C only)

SSSF (Advance in C&C only)



Step 2: Reviewing the financial reports

List of prepayments

Debtors and Prepayments		
1720	Prepayments	8,266.36



Step 2: Reviewing the financial reports

Gross to net payroll reports



Step 2: Reviewing the financial reports

Capital income and expenditure account report

Buildings Projects Report				
School Name	Insert name here			
Roll Number	12645J			
Project description	Building project			
Date	31/12/20XX			
Income	COA code	Actual	Budget	Variance
		€	€	€
	3900	Department grants		-
	3901	Fundraising Income		-
	3903	Trustees/Patron contribution		-
	3902	Parents Funding		-
		Past Pupils Union contribution		-
	3907	Donations		-
		Restricted /Designated Funds		-
	3904	Other (sports grant, lottery etc.)		-
Total		-	-	-
Expenditure				
	3940	Professional Fees		-
	3940	Building Contractor bills		-
	3940	RCT/VAT payments		-
	1421	Furniture and Fittings		-
	1460	ICT (including wifi)		-
	3940	Insurance		-
	3940	Building Bond		-
	3940	Retention payment		-
	3940	Other		-
Total		0	0	0
Surplus/Deficit		0	0	0



Step 3: Preparing the summary finance report for the board



Step 3: Preparing the summary finance report for the board

Summary FSC Report Contents

Reconciled bank balances

Total I&E for YTD (within budget?)

Large/unusual expenditure incl. fixed assets

Ring-fenced grant balances

Total Income and grants in advance

Unpaid invoices/creditors

Payroll issues

Capital project

Any other issues

Step 4: Presenting the summary financial report to the board



Copies of report given to board members



Report approved



Chair of FSC addresses questions from the board



One copy signed and filed with minutes

Step 4: Presenting the summary financial report to the board

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- i. List of balances on all school bank and cash accounts
- ii. A bank reconciliation statement for each bank account
- iii. Income and Expenditure Account Report showing actual versus budgeted figures
- iv. Balance Sheet Report
- v. List of all creditors/accruals
- vi. Summary of income/grants received in advance for the next school year and prepayments
- vii. Capital Income and Expenditure Account Report

Checklist

Appendix 1: Finance Sub-Committee Monthly Reporting Checklist

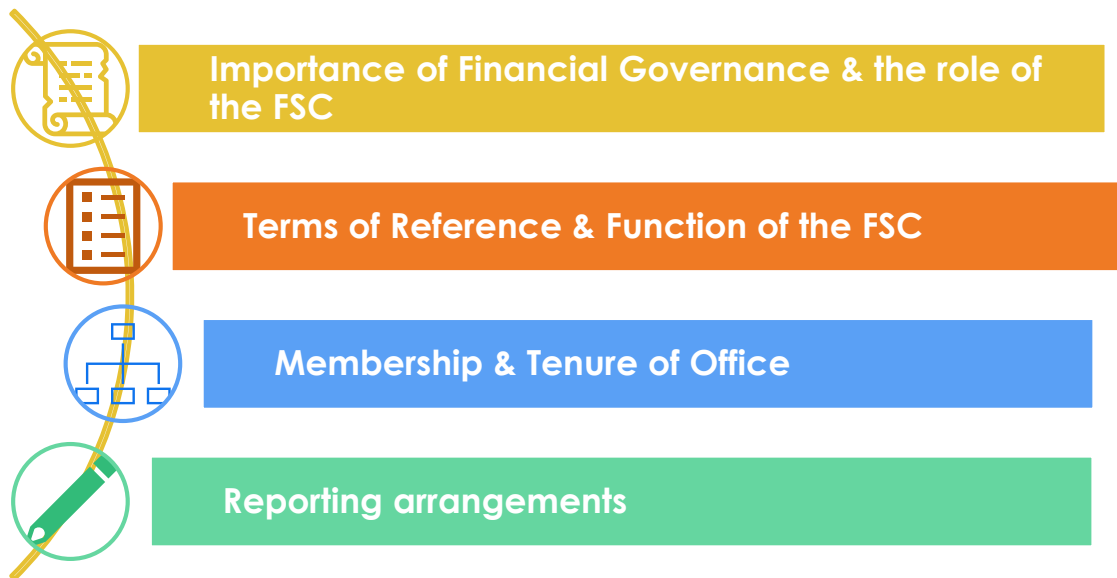
School Name:	
Date of meeting:	

STEP 1: ENSURE THE FSSU RECOMMENDED FINANCIAL REPORTS ARE RECEIVED BY THE FINANCE SUB-COMMITTEE

		Yes/No/N/A	Comment
List of Reports	Balances on all school bank and cash accounts		
	Banking reconciliation for each account		
	List of payments per bank account		
	List of receipts per bank account		
	Income & Expenditure Account Report		
	Balance Sheet Report		
Supporting documentation	List of creditors/outstanding invoices/accruals		
	Supplier invoices and statements since the last committee meeting		
	List of income/grants received in advance		
	List of prepayments		
	Gross to Net payroll reports since the last committee meeting		
	List of employees showing their approved gross annual/weekly/monthly/hourly pay		

Conclusion

Part 1 - The Finance Sub-Committee



Part 2 - Reviewing the Monthly Financial Reports





Financial Support Services Unit (FSSU)

Contact us

Thank you for joining the webinar



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Financial Support Services Unit (FSSU)

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