

The Board of Management and School Finance - Legal context

1. The Education Act 1998 sets out a statutory framework for Irish Education. The Act serves an important purpose in providing transparency and clarity regarding the rights and responsibilities of patrons / trustees, boards of management, Principals and other stakeholders and in **facilitating best practice, quality outcomes and the effective and efficient deployment of resources.**
2. Section 14 of the Education Act 1998 provides for the establishment on an agreed basis of representative boards of management in recognised schools. Subject to the general supervision of the patron/trustees, the board of management, in accordance with the functions as set out in the Act, **is responsible for the governance and direction of the schools, the use of school resources and the management of its finances.** Section 15 states:

“It shall be a duty of a board to manage a school on behalf of a patron and for the benefit of students and their parents and to provide or cause to be provided an appropriate education for each student at the school for which the board has responsibility.”

“A board shall consult with and keep informed the patron of decisions and proposal of the board.”

“A board shall **have regard to the efficient use of resources (and in particular the efficient use of grants provided under Section 12) the public interest in the affairs of the school and accountability to students, their parents, the patron, staff and community served by the school.**”
3. Voluntary secondary schools in the free education sector receive funding towards recurrent expenditure from the Department of Education (DE) by way of per capita grants. Teacher salary costs in all schools are paid directly by the State.
4. Subject to the general supervision of the patron/trustees, the board of management is responsible for the financial administration of the school. School finances and accounting have become a complex matter with schools handling a variety of funds apart from DE grants. Excluding teacher salaries, an average size school can have an income in excess of €500,000 including voluntary donations from parents, fund-raising, collections for school tours and other activities.
5. Section 18 of the Act states that

“the board shall keep all proper and usual accounts and records of all monies received by it or expenditure of such monies incurred by it and shall ensure that in such year all such accounts are properly audited or certified in accordance with best accounting practice; accounts kept in pursuance of this section shall be made available by the school concerned for inspection by the Minister and by parents of students in the school, in so far as those accounts relate to monies provided in accordance with section 12.”

Points 6 - 8 below applies to schools whose governance document is the Articles of Management for Catholic Voluntary secondary schools.
6. Through the Articles of Management, the trustees of Voluntary Catholic schools devolve their powers to the board of management which now undertakes the responsibility for the conduct, management and **financial administration of the school, in accordance with the ethos of the Trustees and under their general supervision and control (Article 2).**

Section A: Financial Governance for Boards of Management

7. The trustees, as owners of the school are ultimately responsible for any debts incurred by the school. For this reason, **any expenditure in excess of income must be approved by the trustees**. Under Article 15, specific obligations in the area financial management are laid down which are binding on boards of management:
- a) **Responsibility for all business carried on in connection with or on account of the school; the keeping of proper books of account and the operation of a bank account (15 (a))**
 - b) **Payment of a licence fee to the trustees (15 (b))**
 - c) ****Ensuring expenditure does not exceed income and preparing a forward budget and financial report for the trustees (15(c))**
 - d) **Setting up a financial sub-committee (15 (d))**
 - e) **Cheque payments and cheque signatories (15 (e))**
 - f) **Use of the school premises by outside bodies (15 (f))**
 - g) **Adequate and proper insurance (15 (g))**
 - h) ****Trustee approval is required for any extension, improvement or replacement of school buildings (27 (a))**
 - i) **Trustee approval is required for hire purchase, loans etc. above a particular level (27 (b))**

****Article 28 indemnifies the board and each member against any claim for capital debts or expenditure properly incurred and provided Articles 15 (c) and 27 (a) have been complied with by the board.****

8. The board of management delegates the day to day management of the school to the Principal who is given authority to act on behalf of the board. The Principal is required **“to carry out his/her functions in accordance with such policies as may be determined from time to time by the board and regulations made under the Act”**. (Section 23)
9. All financial decisions in relation to the school must be authorised and ratified by the Principal. **No member of the board of management in his/her individual capacity may interfere with the financial administration of the school by the Principal.**