



FINANCE SUB-COMMITTEE

DRAFT

Terms of reference

Purpose

The role of the Finance Sub-Committee (FC) is to assist the School Council (SC) in fulfilling its responsibilities in relation to:

- Overseeing the school's financial performance. It is a legal and Department requirement that SC makes sure monies coming into the school are being properly expended and authorised.
- Ensuring the school has a functioning, effective system of internal controls. Internal controls are procedures that make sure that:
 - All financial activity within the school is sound, accurate and legal
 - The school's assets are safe
 - SC can rely on the accuracy of the financial information it receives
- Help develop the school's program (non-staff) budget that shows the school will allocate its resources to implement key improvement strategies in the school strategic plan and annual implementation plan. Council then monitors the school's financial performance against the budget in conjunction with the principal.

Membership

The FC will consist of at least **6** members. The SC will appoint the Treasurer (convenor) of the FC (This position may not be held by a DEECD member or the office manager/bursar of the school). The FC may elect an acting convenor if required.

A quorum will consist of **4** members of the sub-committee. Any Councillor may attend a meeting of the FC.

The SC President and Principal are expected to attend all meetings by the convenor.

The membership will be reviewed by the SC from time to time.

The school council president and principal are automatically members of all sub-committees.

You may wish to consider having the business manager as a required member

Current Members

<insert names or positions>

Meetings

The FC will meet at least **10** times a year.

The convenor shall draw up an agenda which shall be circulated with supporting papers (along with last meeting's minutes) at least one week prior to each meeting to the members of the FC.

Terms of Reference:

Responsibilities

The FC will:

- Review and gain understanding of any issues with the following financial reports and make recommendations to SC:
 - Operating statement (GL21150)
 - Annual Program budget (GL21158)
 - Annual Sub-Program budget (GL21157)
 - Bank reconciliation
 - Journal (GL21006)
 - Cash flow statement (GL21151)
 - Cash flow forecast
 - Sundry Debtor trial balance (DR21101)
 - Family Trial Balance (DF21102)
 - Sundry Debtor Credit Notes (DR21309)
 - Invoices awaiting payment (CR21118)
 - Balance Sheet (GL21160S)
 - Investment Register

- Cancelled payments (GL21005)
- Cancelled receipts (GL21004)
- Monitor school income and expenditure against budget
- Review Budget submissions against the school strategic plan and essential operations.
- Recommend, approve and revise the school's program budget
- Monitor the performance of programs against the budget. Programs include:
 - various curriculum programs (such as Art, Science and Mathematics)
 - administrative programs (such as staff development and school maintenance)
 - trading activities (such as canteen)
 - specific purpose programs (such as the library)
- The budget may be revised from time to time with council approval. The FC recommends changes to the budget, in line with the priority list, if:
 - SRP (Student Resource Package) funding increases or decreases
 - Funds left over from the last financial year are less (or more) than expected
 - Other revenue increases or decreases
- Ensuring appropriate audits occur and report findings to SC
- Review and ensure adequate cash reserves (Council should determine an exact figure- the new tools will provide advice on this)
- Assist in the completion of Financial Commitments Summary for the DEECD annually at February meeting or first meeting.

Authority to act

The FC is authorised to:

- Review budget submissions in detail on behalf of Council and make recommendations.
- Determine the final prioritised list of programs to be funded, in light of available funding.
- Determine how the funded programs will be evaluated when the budget for the following year is developed.
- Recommend the final prioritised list of submissions to SC as the school's program budget (and the principal communicates the budget to school staff).
- Review and make recommendations to SC for approval of budget changes.
- Recommends action to address any issues arising from the financial reports.
- Devise and recommend the annual school investment policy to SC for approval and also how much should be invested.
- Contributes to and recommends the parent payments policy to SC annually in November each year.
- Seeks SC approval at the start of every year on officers approved to sign orders, financial delegations, purchasing card policy, internet banking policy and bank signatories.
- Seeks SC approval of monthly bank funds transfers.
- Table monthly profit and loss statements for school and trading operations for approval of SC
- Table monthly balance sheet for approval of SC
- Recommend to SC the approval of the End of Year Financial Accounts
- Table "Financial Commitment Summary" annually for SC approval (as part of year-end procedures)
- Recommend to SC the proposed GST treatment for trading operations and fundraising activities annually
- Monitor held balances in the official account, so that surplus funds can be invested, usually in the high yield investment account. Recommend any transfers for SC approval.
- Make recommendations to council for short and long term financial planning in line with goals and priorities
- The FC operates under powers delegated to it by the SC and has no other executive powers.

Reporting

The FC will:

- report the findings and recommendations of the FC to the SC after each meeting;
- circulate the minutes or (“Finance Sub-Committee Report”?) of meetings to SC;
- submit an annual “Finance Sub-Committee 12 month Plan” that details key objectives for the year (outside normal review and reporting requirements); and
- submit an annual report to the SC summarising the Sub-Committee’s activities during the year. (not really necessary but I see its usefulness)

Performance

The performance of the FC is to be assessed annually against its terms of reference by the SC.

Critical Deadlines

1. All Victorian government school councils undergo an independent financial audit at least every three years. Contract auditors are appointed and paid for by the Portfolio Governance and Improvement Division, Office of Planning, Strategy and Co-ordination. Last independent financial audit for <insert school> was conducted in March 20\$\$ on the balance sheet and profit and loss statement as at 31 December 2012 by <insert audit company>
2. Tax Audits occur on an ad-hoc basis.
3. Obtain annual sign off from SC at the start of every year which officers are approved to sign orders, cheques, financial delegations, bank signatories and internet banking policy. Determine purchasing card limits/policy.
4. Obtain SC approval on recommended investment policy annually at start of year.
5. Obtain SC approval for all bank transfers, Operating Statement and Balance Sheet on a monthly basis.
6. Annual report for previous year – required by DEECD in Term 2
7. Revisions to budget recommended to council as appropriate throughout the year. Work starts on budget for coming year, in August and September. FC reviews program budgets in November and December. Recommends draft budget to SC for approval at the end of the year and final budget following confirmed DEECD SRP in March.

Execution of Process

1. Business manager to email all relevant end of month finance reports (as noted above) to all members of FC two days prior to FC meeting
2. Committee to email BM with any queries on figures before next Finance Meeting.
3. Treasurer to devise and circulate agenda for FC meeting asking for further items (if members wish to add anything) within 1 week of meeting.
4. Attend FC meeting, where all Finance Reports tabled and reviewed.
5. Minutes taken (rotating this task through members) at Finance Meeting to be emailed to FC members within 1 week of meeting. Reports are tabled at Council.
6. Treasurer to formulate “Finance Sub Committee Report” and attach reviewed “Operating Statement” and “Balance Sheet” and Business manager to email onto SC members prior to SC meeting.
7. Attend SC Meeting, where Finance Report, Operating Statement, Balance Sheet, details of bank transfers and any other finance matters are tabled and approved.

8. Members to review minutes of SC to be circulated to members within 1 week of meeting, and action any relevant points and consider what needs to be taken through to next Finance Meeting (usually around 2 weeks after SC meeting).

Sources of Information/Authority in developing these Terms

1. Finance Section of "Improving School Governance" Folder
2. SGAL Example of Standing Orders
3. SGAL Newsletter
4. "Standing Orders", SGAL
5. Finance Manual (DEECD)
6. Finance Sub-Committee 12 month plan
7. School Cash Reserve Benchmark by DEECD
8. Financial Commitment Summary Guidelines 2012 by DEECD

Our thanks to Camberwell South PS for contributing this resource.

NOTES: (from template from SGAL)

Signs a Sub Committee is Functioning Well

- Purpose of the sub-committee is clear to all.
- Careful time control: length of meetings, as well as development of overall committee time path.
- Sensitivity within to each other's needs; good communication among all members.
- An informal relaxed atmosphere.
- Good preparation on part of the convenor and members.
- Interested, committed members.
- Minutes are complete and concise.
- Periodic self-assessment of sub-committee's performance.
- Recognition and appreciation are given to members, so that they feel they are really making a contribution.
- The work of the sub-committee is accepted and makes a valuable contribution to the organization.

Sub-Committee Checklist

- The sub-committee operations and priorities reflect the vision and values of the school.
- The sub-committee has clear stated goals and objectives
- Assignments and terms of reference are discussed (at least) annually
- Each project of the sub-committee is tasked/assigned or delegated with clear guidelines.
- Priority issues, actions, or projects are identified by exact name and agreed upon a time schedule
- Time schedules are adhered to.
- Progress on each assignment is reported in a timely manner.
- Members of the sub-committee identify with and commit to the priorities.
- A schedule of meetings is provided at the commencement of the term of office.
- Each meeting has a strong purpose.
- Meetings start and finish on time.
- Agenda is available prior to meeting.
- A record of the committee's action or recommendations is maintained.
- I know my job/function as a member of the committee.
- Group participation is encouraged through robust discussion, as to what may be probable solutions or what additional information is needed.
- All the information needed for decision making is provided in a timely manner.
- Adequate resources are available to the sub-committee to complete its work.
- Minutes available for all School Councillors