

# **Marsh Hill Nursery School**

## **Terms of Reference for a Finance Committee**

### **1. Membership**

The Committee shall consist of 4 governors plus the Head Teacher in his/her voting capacity. The Committee can ask the Governing Board to appoint up to 2 non-voting members with appropriate financial skills.

### **2. Quorum**

The quorum shall be 2 governors who are voting members of the committee, excluding the Head Teacher

### **3. Meetings**

3.1 The committee will meet at least 3 times per year.

3.2 Any additional meetings will be called as necessary; at least 7 days notice must be given when calling a committee meeting.

### **4. Minutes**

4.1 The Clerk to the Committee is Jane Bull. In the absence of the Clerk the Committee can appoint a member (but not the Head Teacher) to act as Clerk to the meeting. Draft minutes of the previous meeting will be distributed at least 7 days prior to the next meeting together with any supporting papers

### **5. Chairing**

5.1 The Committee shall elect a Chair/Vice Chair annually, usually at the first meeting of the academic year

5.2 The Clerk, in conjunction with the Head Teacher and committee Chair, will be responsible for drawing up the agenda and sending it out to committee members at least 7 days in advance.

5.3 In the absence of the appointed Chair the Committee can appoint another member of the Committee to act as Chair for the meeting

## 6. Reporting to the Governing Board

6.1 The Chair of the Finance Committee will report to the full Governing Board on the main decisions taken and any recommendations that the Governing Board needs to vote on.

6.2 The agreed minutes of the Finance Committee Meetings (excluding any confidential financial information, which will be blocked out) and copies of all supporting documents will be circulated to all members of the Full Governing Board.

## 7. Areas of responsibility

7.1 The Committee will be responsible for the preparation and approval of the Annual Budget (Note: The Governing Board can, if they wish, delegate to the Finance Committee the authority to approve the annual budget. If this is the case it should be clearly documented within these Terms of Reference for the Finance Committee). It will establish formal procedures and timetables for planning the budget and will require the Head Teacher to produce estimates of expenditure and income sufficiently in advance of each financial year, even if the details of the school's funding have not been finalised, so it can determine priorities in accordance with the School Improvement Plan.

It is the responsibility of the Finance Committee, in preparing the Draft Annual Budget, to work within the indicative budget, for the forthcoming year and for it to indicate clearly any use that it is proposing to make of contingency reserves and any surplus balances carried forward from previous financial years so that where appropriate, the Governing Board is fully informed of the final decision.

7.2 The Committee will receive Budget Monitoring Reports, from SIMS/CMIS or other accounting package, from the Head Teacher or School Business Manager/Bursar, for consideration, prior to them being reported to the Governing Board. The Budget Monitoring Reports will include the following system reports

- A Cost Centre Group Report or Account Summary Report or equivalent
- A Virement Report,
- A copy of the latest Suspense File
- A system report showing cumulative expenditure of £10,000 or more with an individual supplier during the financial year
- A Bank Reconciliation and Cash Flow Statement (Full Cheque Book schools only)

The Finance Committee will monitor income and expenditure throughout the financial year and provide an overview of the financial position of the school to Governing Board on at least a termly basis.

- 7.3 The Finance Committee will review virements and budget revisions made by the Head Teacher to a maximum value of £10,000
- 7.4 The Finance Committee will approve requests for virements and budget revisions between £10,000 and £50,000 per item. In the event of there being an emergency request the Chair of Finance will have the authority to approve such requests and then report back at the next Finance Committee meeting under 'Chair's Actions'
- 7.5 The Finance Committee will give the Head Teacher responsibility for administration of the budget and its day-to-day control and monitoring.
- 7.6 The Finance Committee, with the Head Teacher, will assess at least once a year, financial progress towards achieving the objectives in the School Improvement Plan and, consistent with this aim, will review projected expenditure for future years in accordance with the School Improvement Plan, working wherever possible on a three year rolling programme.
- 7.7. The Finance Committee, on an annual basis, will adopt and agree to adhere to the Local Authority Financial Regulations and Procedures.
- 7.8 The Finance Committee, on an annual basis, will prepare and submit for discussion to the Governing Board, a Statement of Internal Control identifying any key areas of weakness within the financial control systems of the school and propose actions that need to be taken to address issues around financial control and probity.

## 8 Expenditure

- 8.1 The Finance Committee will review orders placed to a value between £10,000 and £50,000 per order
- 8.2 The Finance Committee will approve orders between £10,000 and £50,000 if within budget provision and subject to the receipt of three quotations, in accordance with the Local Authority Financial Regulations and Standing Orders
- 8.3 The Finance Committee will ensure that where expenditure is likely to exceed £189,330, the tendering procedure will be implemented in accordance with the Local Authority Financial Regulations and Standing Orders
- 8.4 The Finance Committee will review all cumulative expenditure with suppliers in excess of £10,000.
- 8.5 The Finance Committee, on advice from the Head Teacher, will review the financial implications on the budget of the Teachers Pay and Conditions document.

8.6 Receive the annual accounts and certificate of audit of the school fund and other voluntary funds held within the school.

## 9. Payments

9.1 The Finance Committee will monitor compliance with the schools financial procedures, particularly with reference to segregation of duties between purchases and payment

9.2 Assess the school's insurance cover to ensure that it provides adequate protection against risks.

9.3 Review and approve the amount of petty cash to be held by the school.

9.4 Review annually all current school contracts.

9.5 The Committee must ensure that the Local Authority Financial Regulations and Standing Orders relevant to financial management are complied with and will undertake periodic audits of the school's financial procedures and recommend appropriate corrective action.

## 10. Assets

10.1 The approval of the Committee is required for the writing off or disposal of any surplus stock.

## 11.0 General

11.1 Ensure the withdrawal of an individual if she/he has a pecuniary or personal interest in the business of the Committee.

11.2 Agree to undertake training to keep up to date with national and local trends and policies.

11.3 The Committee is responsible for ensuring that the school undertakes a self-assessment against the DfE Schools Financial Value Standard on an annual basis with particular reference to the governance arrangements and financial management roles and responsibilities.

NB – These Terms of Reference will be reviewed and updated on an annual basis for approval by the Governing Board.

Signed by:

Chair of Governors .....  .....

Date 8/12/23 .....

Head Teacher .....  .....

Date 08-12-23 .....

Agreed at the full Governor Board meeting on .....