

Sacred Heart College Finance Committee

Charter and Terms of Reference

Structure and Membership

The Finance Committee (FC) is appointed by the College Principal, in consultation with the Executive Officer of Mercy Education Ltd. The FC is a sub-committee of the College Advisory Council (CAC) and as such will be part of governance, not management, processes. This sub-committee of the College Advisory Committee operates under the same advisory nature to the Principal.

The FC will have between six and eight members comprising the Principal, two members of the CAC and additional members as deemed appropriate by the Principal, but not exceeding eight in total. The College Director of Business and the College Accountant will be officers, but not a member, of the FC in similar standing to the status of the Director of Business within the CAC

Being a sub-committee of the CAC, one of the two CAC members will be appointed as FC chair at the beginning of each year.

Role and Responsibilities

The role of the FC is to advise the Principal on the financial Management of the College. The FC shall offer advice in relation to the following areas and their procedures: (these will be divided into Internal and External Controls at a governance rather than purely operational level). Other responsibilities, including receiving all information that it needs to formulate advice for:

- drafting of the annual College budget, including a recommendation for student fees and levies
- the ongoing monitoring of performance against budget; monitor income and expenditure against budget and report to the CAC
- the Annual Financial Statement (AFS) and other external reporting
- the external audit including recommendations arising therefrom
- periodic internal finance reports, in synch with CAC meetings
- cash flow
- internal financial systems
- effectiveness of College management information systems and systems of internal control
- testing of the feasibility of future Capital Projects
- borrowings and overall College debt
- insurance and asset protection
- family fee debtors
- management of financial risk
- fundraising strategies

The Principal shall seek the support of the FC:

- before submission of the College's annual budget to Mercy Education Ltd
- before making and single expenditure in excess of \$150,000 outside the approved budget;
- before making application for any new debt or long-term financial commitment which requires approval of Mercy Education Ltd

The FC shall be aware of the Mercy Education Ltd Executive Limitations Policy, the Financial Governance policy and any other Mercy Education Ltd policies relating to financial management, and shall not offer advice to the Principal which is inconsistent with those policies.

The FC shall develop and monitor these College-based policies:

- a Fee Discount policy; and
- a Debtors Policy

The FC may assist the Principal and Business Manager to develop other operational policies and documented procedures for the management of finances and debt, and monitor the reporting back against these at FC meetings

Procedures

The FC will meet approximately eight times per year. In most cases this would be during the week preceding a CAC meeting, but may be on some other date if it be more effective and timely to do so (eg prior to lodgement of half-yearly reporting to Mercy Education Ltd, or prior to presentations to Mercy Education Ltd for loan or expenditure approvals). More specifically, the FC will oversee seasonal financial processes throughout the year as follows:

- February: Final Budget, un-audited annual report;
- March: External audit, AFS preparation and lodgement
- May: External audit management letter and recommendations
- June: Annual school fee debtors analysis
- July/August: Half-yearly reporting to Mercy Education Ltd
- September: Somerset reporting, Preliminary Budget process
- October: Budget and school fee recommendations, finalise Faculty excursion & recurrent budgets
- November/December: No CAC meeting, but FC meets to review Oct-Dec Quarter, and possible audit issues

Each meeting of the FC shall have an agenda paper and be minuted. A quorum of the FC shall be deemed to be more than half of its members as long as the Principal is present. Beyond the stipulations of this policy, and any requirements of the CAC, the FC shall determine its own meeting procedures.