

## **Summary of the Role of the Finance Committee**

*taken from the Code of Practice for the Governance of Education and Training Boards, Department of Education [Circular 0002/2019](#)*

### **Role of the Finance Committee (Code of Practice Page 20):**

While the Board has reserved functions in relation to financial matters including the keeping of accounts, the adoption of an annual service plan and the power to borrow money, the Finance Committee has a particular role in supporting the Board in this work by examining and reporting to the Board on financial matters.

The Finance Committee must report to the Board a minimum of 4 times in each year.

### **Responsibilities of the Finance Committee (Code of Practice Page 96):**

The Board is ultimately responsible for such matters including the keeping of accounts, the adoption of an annual service plan and the power to borrow money.

The main responsibility of the finance committee is to report to the Board, not less than four times in each year, whether the Chief Executive is implementing the Service Plan, as adopted by the Board, and within the expenditure limits set by the Minister. This is done by considering the monthly accounts and ad hoc reports provided to the Board by the Chief Executive.

The Finance Committee are to advise the Board on the accounting policies, the financial statements, and the annual report of the organisation, including the process for review of the financial statements prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors.

To review and report to the Board on the draft Service Plan.

The Finance Committee are to advise the main committee whether to accept the accounts as presented by the Chief Executive and to recommend whether they should be signed by the Chairperson. In doing this, the Finance Committee is establishing that based on the information available to it, it considers that the financial statements properly present the income and expenditure of the Board and the state of affairs of the Board.

The Finance Committee shall make arrangements for the preparation of reports to the Board.

- **Duration of appointment and renewal provisions (Code of Practice Page 20).**

The duration of appointment of Finance Committee is for the term of the Board.

Note that the term of the Board is five years in line with European and Local Authority elections.

- **Support and training to be provided (Code of Practice Pages 21 to 23).**

The Finance Committee requires support in reviewing draft service plan; circulating documents and minutes of meetings; review of annual financial statements; arranging induction and training for committee members.

The Chief Executive should assist the members of the Finance Committee in the performance of their functions in such manner as those members may require.

There should be a formal induction process in place (including individually tailored training) for new Finance Committee members. The Finance Committee and Chairperson should make recommendations to the Board on the Committee's and individual member's training needs. The Finance Committee should keep up to date with good practice and developments in financial management and reporting.

- **Level of remuneration (where appropriate)**

- Department of Education - Guidelines March 2015: Appointment of members to ETB Audit and Finance Committees who are not members of the ETB Board:

An external member, who is not a public servant, is entitled to a fee of €282.79 per meeting up to a maximum of €1,414 per year.

A chairperson, who is not a public servant, is entitled to a fee of €402.38 per meeting up to a maximum of €2,012 per year.

An external member who is in receipt of a fee are not permitted to claim travel and subsistence.

- **The time commitment involved (Code of Practice Page 21 and Page 22).**

The Finance Committee should meet at least four times a year and invite outsiders with relevant experience to attend meetings if necessary.

The Finance Committee should review the draft financial statements before recommending their adoption by the Board and submission for audit, and taking account of public accountability and the special considerations which attach to ETBs in relation to their management and operation, consider whether the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for an assessment of the ETB's financial position and financial performance, business model and strategy.

For Accounts to properly present the income and expenditure of the Board and the state of affairs of the Board", they should:

- Comply with Accounting Standards applicable to the ETB.
- Incorporate judgement as to valuation, disclosure and materiality aimed to give a True and Fair View.
- Be prudent in making judgements especially where there is uncertainty; and
- reflect the commercial substance of transactions and not the legal form.

The Finance Committee should review the draft Financial Statements before recommending their adoption by the Board and consider whether:

- accounting policies, completeness of financial statements, anti-fraud policy and losses are properly recorded and accounted for.
- suitable processes are in place to ensure that regularity, probity and propriety are achieved.
- issues raised by the external auditor have been comprehensively and appropriately dealt with; and
- the financial statements present fairly the financial position of the ETB.

As part of this process, the Finance Committee will:

- review the summary report of the Audit and Risk Committee to the Board to ascertain that the ETB has an adequate System of Internal Control that ensures transactions are conducted, recorded, and presented with integrity.
- establish that prior period difficulties have been resolved.
- consider whether the Statement on the System of Internal Control (SIC) and Letter of Representation are comprehensive, meaningful, and consistent with its knowledge of the ETB; and
- seek any confirmations/assurances it deems reasonable from the Chief Executive.

- **Rules regarding conflict of interests (Code of Practice Page 21).**

The process for recording declarations of conflicts of interest in the Finance Committee should be the same used at Board level. Each member of the Committee should take personal responsibility to declare any potential conflict of interest arising in relation to any items on the agenda for Finance Committee meetings.

A register of Finance Committee members' interests should be maintained by the Board. Members should be required to declare any potential conflict of interest with any of the business items on the agenda for the Finance Committee meeting. The Committee should specify its procedures where a conflict of interest arises including the requirement that the relevant member brings this to the attention of the Chairperson and, where necessary, leaves the room for the duration of the discussion and not take part in any decisions relating to the discussion. Similar arrangements should apply in relation to meeting documentation, where such documentation is not made available to the member. This should be noted in the minutes of the meeting.

- **Performance management arrangements (Code of Practice Page 96).**

The Finance Committee will formally report in writing to the Board not less than 4 times in each year (Section 45, Education and Training Boards Act 2013). The Finance Committee will provide a report for the year, timed to support the Boards consideration of the draft annual financial statements.

The Finance Committee should also report on the self-evaluation of the Committee with advice on how it can be strengthened and developed.

The Chairperson of the Finance Committee has particular responsibility for ensuring that the Finance Committee is appropriately resourced; that reports to the Committee contain relevant information and are provided at the right time in an appropriate format; absent Committee members are briefed on meetings and attendance records are maintained and reviewed annually; that they report at Board meetings and submit regular written reports to the Board containing relevant information; that matters arising are reported on at each subsequent meeting; and that they are involved in the appointment of new Committee members.

- **Termination arrangements.**

The duration of appointment of the Finance Committee is for the term of the Board. A member may resign from the Committee by writing to the Chairperson of the Committee.