

**Public School  
Finance Committee  
Terms of Reference**

Developed by the South African Institute of Chartered Accountants (SAICA)  
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**TO NOTE:**

*This terms of reference is an example and should be tailored according to the environment of the school.*

**1. Purpose**

- 1.1. In terms of the section 30(1) of the South African School's Act (SASA) "a governing body may establish committees" and the finance committee (Finco) is seen as a significant committee to the school.
- 1.2. The Finco shall provide assistance to the School Governing Body (SGB) in discharging its financial oversight responsibilities over the school.

**2. Membership**

- 2.1. The SGB shall elect Finco members.
- 2.2. The membership of the committee shall consist of at least the following individuals:
  - Treasurer
  - Principal;
  - Finance Officer(s);
  - SGB Chairperson; and
  - Co-opted members (SGB can co-opt an expert on financial matters to serve on the SGB in an advisory capacity if necessary)
- 2.3. Members of Finco should be financially literate.
- 2.4. Members serve on the Finco on a voluntary basis and no remuneration is paid. Expenses incurred that relates to the performance of the functions of the SGB will be paid from the school funds. Costs relating to participating in any other activities on behalf of the school will be reimbursed by the school.
- 2.5. The term of office of Finco members shall be 12 months period, but can be renewed by the SGB.
- 2.6. The SGB has the authority to remove any member from Finco at any time.

**Chairperson**

- 2.7. The chairperson of Finco shall be a member of the SGB. The deputy chairperson is appointed by the committee members.

It is the responsibility of the chairperson to facilitate the committee's functions and responsibilities during meetings, and to present all the financial reports to the SGB.

- 2.8. The deputy chairperson shall stand in for the chairperson should the chairperson not be available for the meeting.

## **Secretary**

2.9. The finance officer of the school shall be the Finco secretary and shall be responsible for:

- Sending out meeting invites to the committee members
- Drafting the agenda for approval by the chairperson
- Recording and keeping of minutes of meetings
- Following up on action plans from the previous meeting with the committee members and any other person involved
- Circulating the agenda, minutes of previous meeting and any other relevant documents to the members two weeks before the meeting
- Ensuring that all the logistical arrangements are made before the meeting e.g. booking meeting room, getting the recorder ready, printing out the attendance register etc.

### **3. Committee's expectations of its members in achieving the objectives**

- Proactive contribution;
- Compliance with the SASA in terms of their roles;
- Regular active and constructive participation in meetings;
- Specific and general proactive feedback on issues and developments that affect the financial management of the school;
- Respect and commitment to support the reputation of the school; and
- Discretion in the observance of confidentiality

### **4. Duties and Responsibilities**

- Present financial reports to the SGB on a quarterly basis;
- Draw up the draft budget for the school each year;
- Monitor on a monthly basis (income & expenses)
  - that all funds received are deposited in the school account;
  - all payments were duly authorised;
  - all donations received, in cash or kind; and
  - all petty cash transactions, including the reconciliation of petty cash.
- Advise on fundraising;
- Advise on ways to invest surplus money;
- Advise the SGB on amount of school fees to be charged;
- Advise the SGB on exemptions from school fees;
- Assist the financial officer in drawing up annual financial statements; and
- Recommend the appointment of the auditor to the SGB.

### **5. Meeting procedures**

5.1. The committee should meet at least once a month to monitor the income and expenses of the school and quarterly with the SGB to present the financial records of the school. The number of meetings may be changed at the decision of the chairperson, or by agreement of the committee members.

5.2. Members are expected to attend and contribute to all meetings, in person or by means of teleconferencing facilities if available.

- 5.3. The Chairperson monitors attendance to meetings and, after discussion with the committee, responds as deemed appropriate to situations of poor attendance or contribution on the part of any member.
- 5.4. Unless otherwise agreed or waived by all members of the committee, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be made available to each member of the committee and any other person required to attend, no later than 5 (five) business days before the date of the meeting. Supporting papers shall be sent to committee members, and to other attendees as appropriate, at the same time.
- 5.5. All Finco recommendations shall be presented to the SGB.

## **6. Quorum**

- 6.1. A Finco meeting is quorate when the Treasurer, principal, finance officer and the SGB chairperson are present. The invitees shall not form part of the quorum. The chairperson has the authority to decide when a vote is required. Should voting be required each member will have one vote. Votes will be passed by a majority of members present.

## **7. Recording and minutes**

- 7.1. Full minutes of the committee's meetings shall be recorded and kept by the committee secretary and such minutes shall be available for inspection at any reasonable time on prior reasonable notice by a SGB member.
- 7.2. Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all other members of the SGB, unless a conflict of interest exists.

## **8. Doing business with the school**

- 8.1. No member of the committee shall do business with the school. Any member appointed shall disclose all their businesses with the school to the committee and either resign from the committee or from the business with the school.

## **9. Conducting committee business between meetings**

While recognising that committee members are normally in full-time employment and serve on a voluntary basis, it is necessary and appropriate that some committee business continues and is conducted between meetings. Workloads will be kept realistic and no unreasonable demands will be made of members.

## **10. Confidentiality**

All committee members and other authorised persons participate in an official capacity and are required to respect the confidentiality of the work of the committee.

## **11. Conflict of interest**

- 11.1. In the case where a member becomes aware of any conflict of interest or any perceived conflict of interest, such a member is required to declare that interest. If any member is uncertain on whether or not they have a conflict of interest they should declare such uncertainty and the committee members present at the meeting can vote to decide if a conflict of interest is present. The member concerned may not vote on any decisions made regarding a matter that is the subject of a potential conflict of interest.

## **12. Reporting Procedures**

- 12.1. The Chairperson shall report to the SGB at regular intervals on matters the committee has reviewed, making recommendations when requested or when s/he considers it appropriate.
- 12.2. The committee will report to the SGB on its work in discharging its responsibilities during the year and the outcome of its formal annual review.

## **13. Evaluation**

- 13.1. The committee shall at least annually review its own performance, composition and terms of reference in the spirit of on-going improvement and achieving maximum levels of effectiveness.

## **14. Approval of these terms of reference**

- 14.1. These terms of reference were updated and approved by the members on **Day/Month/Year.**