**Finance Committee Terms of Reference**

Suggested terms of reference for a maintained school finance committee, taken from the Schools Financial Value Standard checklist guidance: <https://www.gov.uk/government/publications/schools-financial-value-standard-sfvs/2019-to-2020-checklist-guidance>

**Membership**

Membership will be determined by the governing body, but should include the headteacher and people with financial expertise. If the governing body does not have governors with appropriate financial expertise, it may appoint associate members to the finance committee.

**Meetings**

The finance committee should meet frequently enough to discharge its responsibilities. In most schools at least twice a term but requirements may vary due to financial matters requiring the committee’s attention, such as capital projects.

**Quorum**

A minimum of three governors are who members of this committee.

**Chair**

The chair will be *elected by the committee/appointed by the governing body* (delete as appropriate, after the governing body have decided which process to use).

It is important that the chair has a good understanding of financial matters and experience in chairing committees or meetings. They need to be able to:

* lead the development of strategic plans
* identify viable options and select or recommend those most likely to achieve the school’s goals and objectives
* have a clear understanding of best financial management practice and the school’s performance compared to it
* understand the statutory financial requirements for the school, and the local authority’s requirements for maintained schools
* understand the importance of communicating the school’s performance to stakeholders
* have a commitment to the school and the work of the governing body
* present information and views clearly and influentially to others.

**Minutes**

The finance committee minutes should be reported to the governing body and all decisions made must be reported to the next meeting of the main governing body, usually with sufficiently detailed minutes.

**Terms of Reference**

* Recommendation of the annual budget to the governing body including the delegation of the budget responsibilities to budget managers.
* Regular monitoring of actual income and expenditure against each budget and revised forecast for the year.
* Awarding of contracts by tender up to a specified limit.
* Reviewing reports by internal audit and the finance governor or responsible officer (if applicable) as to the effectiveness of the financial procedures and controls.
* Delegation limits above which the approval of the governors is needed before goods or services can be purchased or money can be moved between budget headings – the level of these limits will vary according to the size of your school.

**The Tasks the Finance Committee Should Perform**

A finance committee has, at the very least, the following tasks to perform:

* preparation of draft budget
* appraising different expenditure options
* assessing expenditure bids
* forecasting rolls and expected income levels
* monitoring and adjusting in-year expenditure
* ensuring accounts are properly finalised at year end (reviewing outturn)
* evaluating the effectiveness of financial decisions
* ensuring there are effective and appropriate systems of internal financial control
* the administration of voluntary funds.