

**CONSTITUTION FOR
JOHN TONKIN COLLEGE –
Finance Audit Compliance and Risk Management COMMITTEE**

1. Role

The role of the Finance Audit Compliance and Risk Management (FACRM) Committee is to assist the Principal in the administration of all College finances in a fair, open and equitable manner taking into account the needs of the whole College community, particularly the needs set out in the College Plan.

Where staff members do choose to accept responsibility for managing any aspect of College funds, the College must ensure that they have the skills required and are informed about their obligations.

2. Definition

In this constitution the following terms are defined as:

‘Act’ means the School Education Act 1999

‘Board’ means the Board appointed to manage the strategic direction of the College

‘College’ means John Tonkin College

‘Committee’ means the FACRM Committee of John Tonkin College

‘Constitution’ means the Constitution of the John Tonkin College FACRM Committee

‘Cost Centres’ means an area in the College where an officer (Staff Member) controls an approved amount of funds from the College budget

‘Cost Centre Manager’ means officer (Staff Member) who has delegation to spend against the budget

‘Department’ means the department of the Public Service pursuant to section 228 of the Act

‘FACRM’ means Finance Audit Compliance and Risk Management Committee

‘Finance Committee’ means the FACRM Committee at John Tonkin College

‘Guidelines’ means the processes to follow in managing the College finances, in accordance with the Department of Education and Training’s *Financial Management in Schools Policy and Procedures manual*

‘Manager Corporate Services’ means the officer responsible for the day-to-day financial operations of the College in accordance with the positions data form

‘Manager of Educational Programs’ means department manager or Head of Learning Area (HOLA).

'P & C' Means Parents & Citizens Association

'Principal' means the Principal currently appointed at John Tonkin College

'School' means John Tonkin College

'School Plan' means the documentation detailing how the College will set out its objectives and priorities and how these objectives and priorities will be addressed, including information on the allocation of resources

'Student' means a student enrolled at the College

3. Purpose

EXTRACT FROM GUIDELINES SECTION 4.2.4 FINANCIAL PLANNING AND BUDGETING

Authority for financial management has been devolved to provide schools with more control over the resources available to them. This enables schools to make maximum use of financial resources when planning for their desired educational outcomes.

As school funds are public monies, the management of these funds is subject to the requirements of the *Financial Management Act 2006*, which requires schools to be publicly accountable for the budget, planning allocation and use of those funds.

The Principal must form a Finance Committee in conjunction with the College Board to assist in financial planning and control. The Principal must ensure:

- 3.1 Staff and community representatives are invited to participate in the financial planning and management process.
- 3.2 Decisions are made on a participative and democratic basis.
- 3.3 The College must include in its financial plan an annual budget formulated in accordance with the objectives and priorities specified in the College development plan.
- 3.4 The budget must be submitted to the College Board for endorsement and inclusion in the College development plan.
- 3.5 The budget must be reviewed and, if necessary, revised periodically, e.g. monthly, quarterly or half yearly, to prevent cost over-run.
- 3.6 Endorsement from the College Board must be obtained for any major revision to the budget, which has an impact on the original programs and priorities. The Committee must approve all changes to the budget.
- 3.7 The Principal must ensure decisions made do not contravene departmental or government policy or procedure.

4. Specific Duties of the Committee

- 4.1 To make decisions regarding the setting, collection and distribution of College charges & voluntary contributions (all charges need to be accountable to parents).
- 4.2 Preparation and monitoring of a College budget.
- 4.3 Consideration of requests for grants to fund specific or special projects.
- 4.4 Undertake an audit review of financial data and processes.
- 4.5 Formulate and monitor a College Risk Management Plan.

5. Membership of the Committee

The Committee shall consist of:

- Principal – ex-officio.
- Manager Corporate Services – ex-officio.
- One Associate Principal – nominated.
- Five staff members elected by staff – at least one from each of the following:
 - Manager of Educational Programs
 - teaching staff, and
 - non teaching staff

In the event of an elected member not attending three (3) consecutive meetings without reasonable explanation, their membership of the committee may be terminated. Apologies must be tended to the Principal in advance.

His/her position will be declared vacant and the matter referred to the Principal to conduct an election for a replacement for the remainder of that term of office.

6. Conduct of Elections

Members of the Committee will be elected for a one (1) year term. The selection of incoming staff members will occur in the week following the close of nominations. Available positions and the process for nomination will be announced at the start of each year.

7. Power to Co-opt

- a) The Committee shall have the power to co-opt an additional two members
- b) The Committee shall also have the power to co-opt in setting up sub-committees. Members of sub-committees will have no voting power at committee meetings

8. Tenure of Office

- 8.1 The tenure of office will be one (1) year.
- 8.2 Vacancies caused by transfer or resignation shall be filled by by-election for the duration of retiring member's term.
- 8.3 Retiring members are eligible for re-election.

9. Committee Structure

- 9.1 The Chairperson shall be the Principal or his/her nominated representative.
- 9.2 A quorum shall be any five (5) members.

10. Meetings and Proceedings of the Committee (Modus Operandi)

- 10.1 Meetings should be held a minimum of twice per term, one of which should be prior to College Board meetings, with dates planned at least six months in advance.
- 10.2 The Chairperson may call special meetings as required.
- 10.3 The agenda is to be prepared by the Chairperson at least four (4) working days prior to the meeting and circulated to all members of the Committee.
- 10.4 A copy of the minutes of each meeting shall be made available to all staff and the College Board within seven (7) working days of the meeting on the intranet.
- 10.5 A list of committee members shall be published.
- 10.6 Requests for allocation of finance shall be lodged on the prescribed form with the Chairperson not less than five (5) working before the meeting. These may not proceed beyond the Committee stage unless the applicant has supplied adequate details as set out in the application form.
- 10.7 All members of staff are required to follow the procedures policy as set out in the "Cost Centre Managers Policies & Procedures Manual" for John Tonkin College.
- 10.8 All payments will be made by cheque, Electronic Funds Transfer (EFT), or credit card
 - 10.8.1 Payments made by cheque and EFT are to be signed by any two of the following (registered with the bank):
 - Principal.
 - Associate Principals.
 - Manager Corporate Services
 - 10.8.2 Credit card payments are approved by the appropriate Cost Centre Manager at the time of payment. At the end of each month the Cost Centre Manager must complete and sign a corporate credit card record which is then authorised by the Principal.

11. Voting of the Committee

- 11.1 Voting at meetings shall be by simple majority.
- 11.2 Co-opted sub-committee members shall not have voting rights.
- 11.3 A proxy vote can be recorded in a member's absence.
- 11.4 In the event of a tied vote the Principal shall have the casting vote.

12. Financial Duties, Functions and Powers

- 12.1 The Committee has the power to allocate the spending of money obtained from all revenue sources including:
 - 12.1.1 Voluntary contributions and charges.
 - 12.1.2 Commonwealth and/or State Government sources.
 - 12.1.3 P & C donations (untied).
 - 12.1.4 Interest on investments.
 - 12.1.5 Donations, collections or fund raising.
 - 12.1.6 Any other source.
- 12.2 The committee shall have power to the following in accordance with policies specified by Department of Education and the Financial Management Act:
 - 12.2.1 Consider, recommend and promote the means of increasing the College's income.
 - 12.2.2 Consider and approve fundraising activities for a particular project.
 - 12.2.3 Undertake rental agreements or extended payments.
 - 12.2.4 Buy and sell disposable equipment (usual procedure for departmental equipment).
 - 12.2.5 Hire equipment.
 - 12.2.6 Invest.
- 12.3 The Committee shall have power to allocate money to the following areas:
 - 12.3.1 Curriculum areas.
 - 12.3.2 Staff areas of need.
 - 12.3.3 Student areas of need.
 - 12.3.4 General grounds and facilities.
 - 12.3.5 Utilities.
 - 12.3.6 Administrative areas.
 - 12.3.7 Library.
 - 12.3.8 Special circumstances or occasions.
 - 12.3.9 Any other proposal approved by the Committee.
- 12.4 The Committee shall have the power to apply for subsidies or request financial or other assistance from any government, semi-government or local authority or any other body it feels may be of assistance to it in its functions.

13. Limits of Power

- 13.1 No person has the authority to enter into contracts, commit the College to payments or in any way to presume the support of the Committee except in those cases where a proposal has been put to the Committee, has been duly processed and a favourable result has been conveyed to the proposer.
- 13.2 Any contract for which the College will be held accountable must be signed by the Principal or the Principal's nominee following the approval of the committee.
- 13.3 The Committee gives no undertaking that the College will reimburse persons outlaying money or incurring debt without prior approval.
- 13.4 The Committee may make recommendations for sponsorship arrangements, but these must be approved by a full meeting of the College Board.
- 13.5 The Committee does not have direct control of any Cost Centre's finance, subject to the Cost Centre Manager adhering to the approved budget.

14. Accountability

- 14.1 Accountability in the first instance will be to College Board and ultimately the Principal.
- 14.2 Committee business will be listed on the agenda for each College Board meeting, with details provided to the meeting of activities undertaken by the Committee.
- 14.3 A Financial Report will be presented as part of the College Annual Report in term one of each School Year.
- 14.4 Minutes of the meetings will be distributed to FACRM Committee Members by the Committee Secretary, and made available to all staff on the intranet.

15. Financial and College Administration Year

The Financial and Administrative year will be January to December.

16. Availability of the Constitution

A copy of the current constitution shall be made available to staff via the intranet.

17. Changes to the Constitution.

Alterations to the constitution may be effected as follows:

- 17.1 The proposer of a change to the constitution will give written notice of a motion announcing the proposed change to the Committee at least one (1) week in advance.
- 17.2 The Principal will post the notice of change on the staff noticeboard and on the agenda as items for discussion at the next Committee meeting.

- 17.3 A change to the constitution will become effective provided that clauses (17.1) and (17.2) have been complied with and if, after it has been considered at a meeting of the Committee, it has been passed by a two-thirds majority of the members of the Committee present and entitled to vote.

18. The Responsibility of the Principal

The Principal has the ultimate responsibility for financial matters and has the power of veto if she/he feels that a decision is contrary to the Department of Education and/or College policy. Such an issue would have to be resolved by means of further discussion at committee level or, if appropriate, at Education Leadership Team (ELT) level and the College Board.

19. Guidelines for Committee Members

- 19.1 All of the College's financial resources are to be used in an efficient and effective manner for its educational purposes. Therefore, the College's financial plan will be an integral part of its College Development Plan.
- 19.2 The provision of a school grant enables the College to plan its educational programmes for students with knowledge of the resources available to it and then take responsibility for managing the implementation of such plans.
- 19.3 Financial resources must be allocated for both new priorities and the maintenance of ongoing programmes.
- 19.4 Funding for the maintenance of ongoing programmes should be allocated first. The remaining funds are available for new priorities. These remaining funds may not be sufficient to provide allocation to all the priorities identified in the College Development Plan. Where a shortfall exists, the Principal should advise the College decision making groups that the lower priorities cannot be adequately funded. This may require some modification to the plan.
- 19.5 Funds are made available for the students currently enrolled in the College and so should be committed in the year in which they are allocated.
- 19.6 The College should have an asset replacement programme so that upgrading can take place as required. This will require funds to be set aside over a number of years as finances will not always be available in a single budget period.
- 19.7 At least 3-5% of funds should be unallocated in the ratified Budget in Term 1 to enable provision for any unforeseen circumstances.
- 19.8 The College has to demonstrate that funds allocated have been spent on educational programmes in the year they are allocated or that they are being held over for a particular purpose such as the replacement of equipment.
- 19.9 The Committee from time to time may approve fund raising activities for specific purposes. However this generally will come under the auspices of the Parents & Citizens' Association. All funds raised in this manner are credited to special accounts and the money reserved for the purpose for which it was raised.

- 19.10 Donations will be allocated as the Committee determines. Where a donation is a specific purpose donation the Committee will take steps to ensure that it is used for the purpose intended by the donor.
- 19.11 Allocation of sponsorship funds will be determined by the College Board in respect to the intent of the Sponsorship Agreement signed between the parties involved.
- 19.12 Government grants and subsidies are generally earmarked for specific purposes, with the exception of the School Grant which becomes a part of the College's general fund available for disbursement by the Committee.

20 Manager of Educational Programs and Cost Centre Managers

- 20.1 By the end of Term 1 the Committee requires submissions on estimated expenditure for courses to be offered in the following year from Manager of Educational Programs.
- 20.2 The Manager of Educational Programs will be required to estimate the amount that students should be charged per course (subject to the Department of Education's Student Charges and Contributions Policy and Procedures) and also an estimate of the amount the faculty requires for consumables, minor equipment and other operating costs.
- 20.3 Throughout the year, Manager of Educational Programs and Cost Centre Managers must keep adequate records of expenditure.
- 20.4 If at any time a Cost Centre appears to be headed towards over-expenditure, the Manager of Educational Programs will discuss with the Manager Corporate Services ways to correct the situation.
- 20.5 The Manager of Educational Programs must keep adequate records of all assets and resources acquired. A stock take must be completed every three years and an up to date list must be returned to the Manager Corporate Services for insurance and audit purposes.

21 Determination of College Contributions and Charges

Upon receiving the estimated fee submissions from the Cost Centre Managers the Committee must discuss and consider the suggested contributions and charges by referring to previous contributions and charge levels. Contributions and charges may be modified in consultation with relevant staff and put forward to the College Board for final approval.

22. The College Budget

Prior to the commencement of each school year the Manager Corporate Services prepares a budget of expected revenue and expected expenditure. In the first term of the calendar year, this preliminary budget is ratified as necessary, by the Committee, to reflect actual trends, predictions observation of trends and historical data. This budget is then endorsed by the College Board. The expected cash balance (zzzz) in the budget represents the sum from which the Committee will grant submissions, or unforeseen requirements during the course of the year.

The budget will be reviewed and if necessary, revised to prevent cost over-run. The Committee must endorse all other to the budget while major budget revisions require endorsement by the College Board.

At the conclusion of each school year any debit balance of a cost centre will become the resource of the whole College and allocated by the Manager Corporate Services, in consultation with the Committee to appropriate reserve accounts. Debit funds will not necessarily be retained by that Cost Centre unless justified. The decision will be at the discretion of the Manager Corporate Services, in consultation with the Principal and the Committee.

23. All College Staff

All staff must adhere to policies and procedures contained in the Mandurah John Tonkin Cost Centre Management Policy and Procedures Manual. This manual outlines all financial and resources procedures including budgets, ordering of goods and services, and collection of revenue.

24. Application for Funds

Submissions for funds may be made to the Committee on the prescribed form available from the Manager Corporate Services.

- (a) Minor works
- (b) The acquisition of equipment or materials or
- (c) Funds for a particular project, which are not provided by the Department or cannot be financed through Cost Centre funds.

All completed submission forms must be returned to the Manager Corporate Services for inclusion on the meeting agenda not less than five (5) working days before the next meeting.

All submissions will be considered by the Committee and the Committee's response will be made in writing to the applicant. For successful applications the mode (if transfer to a budget account or name of budget account holding funds) for which the funds will be available, will be noted in the written advice.

Staff members can lodge a submission to the Committee which must be signed by their line manager

A member of staff who has a submission before the Committee may speak to that submission by prior arrangement with the Chairperson but will leave the meeting before consideration of the decision.

The Committee may, at its absolute discretion, accept, decline or request the applicant to provide additional information or return the submission to the applicant for redevelopment, expansion or resubmission at a later date.

All decisions of the Committee are final. A staff member who feels aggrieved by a Committee decision may re-submit for consideration, providing such additional information as he or she thinks relevant.

25. Purchasing of Equipment, Materials and Services

All staff must adhere to policies and procedures contained in the John Tonkin College Cost Centre Management Policy and Procedures Manual. This manual outlines all financial and resources procedures including budgeting and ordering.

Where orders have been placed contrary to the above requirements the goods may be returned and all payment refused.

In special circumstances, arrangements to vary these requirements may be made by prior arrangement with the Manager Corporate Services.

26. Collection of Funds from Students

Where less than \$10.00 is collected from students, the amount paid by each student is recorded against the student's name on a class collection form. Teachers should ensure that they obtain a receipt from the Manager Corporate Services for the total received. This receipt should be retained for audit purposes.

Immediately after collection (on the same day), all money plus the class collection form must be delivered to the Manager Corporate Services' office.

For all amounts received from students in excess of \$10.00, students must pay at the Finance receipting desk and an individual receipt will be issued from RM Billing.

27. Risk Management and Business Continuity Planning

The Committee is to provide input into the College Risk Management Plan.

28. Audit Review

The Committee has responsibility for determining the scope and implementation of the College Internal Audit Review.