

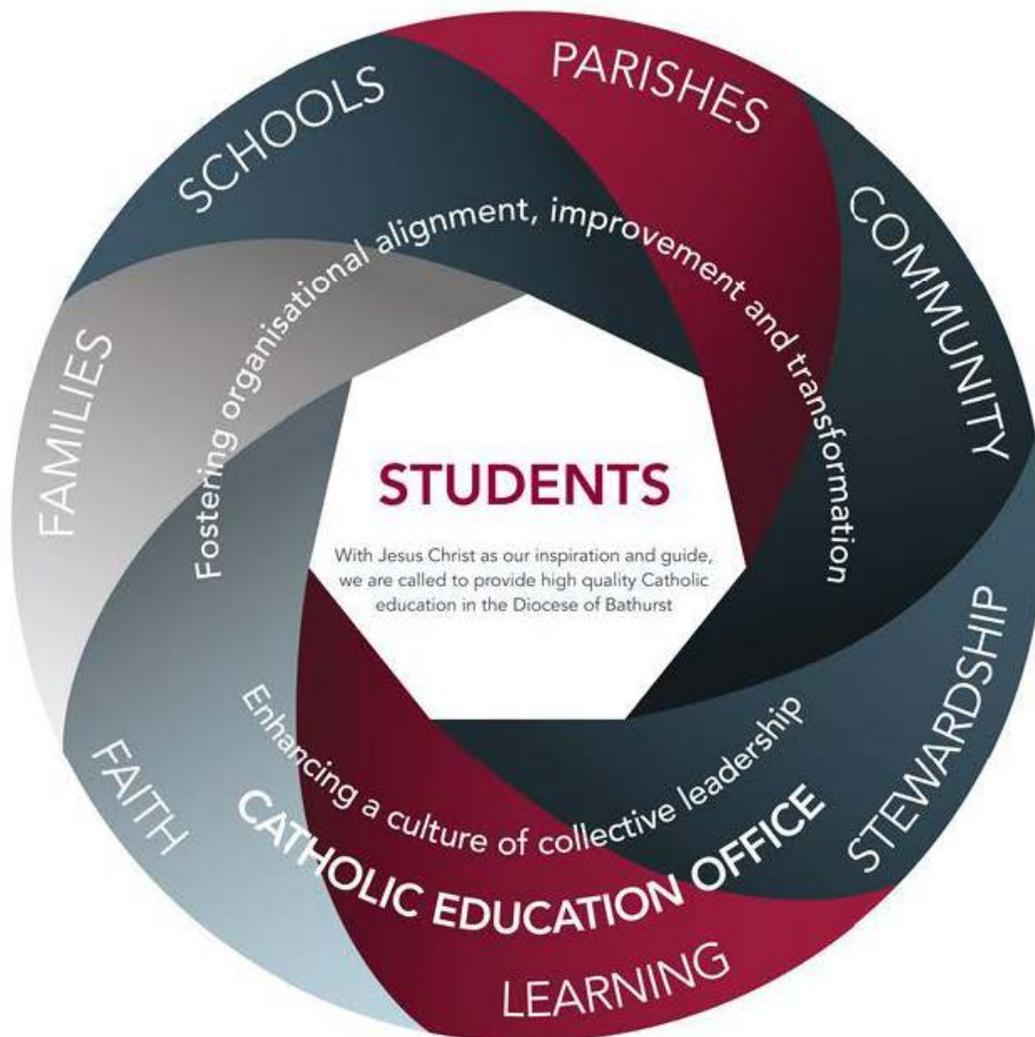


Catholic Education Office  
DIOCESE OF BATHURST

## CATHOLIC EDUCATION ORGANISATIONAL MODEL

Under the leadership of Bishop Michael McKenna

'Legato Con Amore'  
*Bound With Love*



*"We have gifts that differ according to the grace given to each of us"*  
Romans 12:6

## FINANCIAL GOVERNANCE FOR CATHOLIC EDUCATION IN THE DIOCESE OF BATHURST

*We have gifts that differ according to the grace given to each of us*

Romans 12:6

**UNITE TOGETHER, SHARE WITH EACH OTHER, GROW TOGETHER**

**NGUMBA-DAL-NGILA-NHA MAWANG, BANGAMALANHA, YURANHA MAWANG**

### Diocesan Indigenous Artwork

#### Background

The Church has a mandate to progress and develop education based on fundamental Christian principles, so that all engaged in the Church's work in this area may hear proclaimed the message of salvation to all (Introduction, Gravissimum Educationis 1965).

In Church Law, The Bishop of the Diocese of Bathurst has ultimate responsibility for the supervision of education in all Catholic Schools in the Diocese of Bathurst (canon 806). He has a special responsibility to regulate and watch over religious education in all Catholic Schools of the diocese (canon 804). Clergy, Religious and Laity share in these responsibilities of the Bishop.

The Catholic education governance model places the student at the heart of school endeavours, for the ultimate goal of Catholic education is the promotion of the human person.

In Civil Law, the ultimate responsibility for and authority over the Catholic Schools of the diocese rests with the Trustees of the Roman Catholic Church for the Diocese of Bathurst. The Bishop, as Chairman who presides over the Trustees, may delegate individuals or organisations to exercise responsibility in particular areas.

In the area of education, one such body is the Diocesan Catholic Education Council (DCEC). It is the chief advisory body to the Bishop for developing educational policies. The DCEC's work is devoted to the oversight of the Catholic schools system, as well as to the catechesis of Catholic children and young people more generally. The DCEC cooperates with and supports other diocesan agencies, the NSW Catholic Education Commission, the National Catholic Education Commission and the Australian Bishops in furthering the ideals of Catholic education in Australia.

*With Jesus Christ as our inspiration and guide, we are called to provide high quality Catholic education in the diocese of Bathurst.* This diocesan educational vision can only be realised when authentic and effective engagement, partnerships and sound governance models and processes exist across and between families, schools, parishes, the wider community and the Catholic Education Office.

Schools within the diocese are an enterprise of the parish in which they are situated. The parish priest provides leadership in faith as well as ensuring that schools follow Canon Law in their management and governance. The principal is responsible for the leadership and management of the school in order to provide for the effective education and care of the students through facilitation of their spiritual, social, academic, and personal development. The Catholic Education Office exists to serve and support school and parish communities and these essential partnerships. The Bathurst Catholic Education Office currently administers thirty three schools on behalf of the Bishop of Bathurst. The Executive Director of Schools is directly responsible to the Bishop through the DCEC.

Bishop McKenna's motto reminds us that love is the bond of the Christian community in which interdependence is reflected in respectful relationships. Governance of Catholic education in the diocese is underpinned by the principles of service, parents as the primary educators, subsidiarity in decision-making, solidarity, stewardship of resources and the rule of Canon law.

## Purpose of Paper

The principles outlined above underpin the roles undertaken by The Bishop and his advisors, the Trustees, Principals, Priests, Parish Finance Councils and those in the CEO in relation to the governance of schools of the Diocese including parish based schools. While it is recognised that all those involved have broad roles, this paper is primarily concerned with the financial governance aspects.

This paper is prepared to give context to these arrangements by defining the principle roles of each of the relevant individuals and committees involved in the financial governance of schools that are part of the Diocese of Bathurst School System.

The roles identified and which are defined in more detail later in this paper are:

- Bishop of the Diocese of Bathurst (the Bishop)
- Trustees of the Roman Catholic Church for the Diocese of Bathurst (the Trustees)
- Diocesan Finance Council (DFC)
- Diocesan Vicar for Education - President, Diocesan Catholic Education Council (the Vicar)
- Diocesan Catholic Education Council (DCEC)
- Executive Director of the Catholic Education Office or delegate (the Director)
- Individual School Principal (the Principal)
- Parish Priest where Schools are located (the Parish Priest)
- Parish Finance Council where Schools are located (PFC)

In defining these roles attached is a matrix which sets out the involvement of each role in the key elements of financial governance for schools in terms of the following elements:

- Key responsibilities of each role
- Who is accountable for each element
- Who is responsible for reviewing and recommending actions
- Who is consulted in decision making process
- What is communicated and to whom
- How is information and progress monitored

The proposed matrix is predicated on a structure whereby the Catholic Education Office provides a high level of leadership, skills and subject matter expertise relating to the financial management of schools and through leveraging these capabilities ensures best practice contemporary business frameworks are applied in the context of the needs of the mission of a catholic education. In achieving this outcome the key role of service ethos that is required of the Catholic Education Office in supporting parishes and schools is recognised including through the provision of accurate, valuable, timely and insightful financial information as well as face to face contact with School Principals and administrators in assisting them in achieving the desired education and pastoral outcomes as they relate to their parish community.

In order to achieve this, the matrix is designed to illustrate the boundaries and interactions between specific roles in order to clarify the level of responsibility and involvement in financial governance related matters.

In the context of the Diocesan School System being first and foremost a canonical body as outlined in the background details above the framework set out in this paper is intended to support the mission underlying these arrangements as well as address the following needs:

- Making the best use of contemporary business practices, frameworks and technologies
- The obligations of the Trustees as the registered proprietor of each school, the title holder of school land and for entering into commercial contracts.

- The regulatory obligations covering many facets including those linked to the receipt of substantial public funds, ACNC registrations and BOSTES requirements
- Ensuring long term sustainability of the School System across the whole of the Diocese
- Ensuring long term strategic matters can be effectively addressed
- Having in place the capability to identify and address all issues of substantial risk
- The contemporary expectations of governments and the community in respect to financial transparency of church and school organisations where relevant

The changes since the establishment of Diocesan education offices to support parish schools, and the resulting complexities, challenges and expectations that arise requires financial governance arrangements as well as the business and financial skills in place reflecting these expectations. The framework proposed in this paper is intended to support these needs.

### **Summary of Key Financial Governance Roles**

#### ***The Bishop***

The Bishop oversees the strategic direction and financial management of the School System and is responsible for the following:

- Accountability for the Financial sustainability of the overall School System
- Accountability to broader Church and the community for operations of School System
- Acceptance of public funding arrangements in respect to schools of the Diocese
- Setting the strategic direction for charges to families and approving policy on school fees
- Employer for all employees of both CEO and schools of the Diocese
- Approving Annual Budget for whole of School System
- Approving major capital acquisitions and disposals including School openings and closures
- Approving borrowing arrangements
- Approving key appointments and terminations at CEO and School (Principal) level

From a canonical perspective the requirement for the Bishop to approve all acts of extraordinary administration within the Diocese is noted.

The Bishop is advised by the Diocesan Finance Council (DFC) and the Diocesan Catholic Education Council (DCEC).

#### ***The Trustees***

Having civil responsibility under the Roman Catholic Church Trust Property Act 1936 for the holding in trust of assets of the Diocese, the Trustees is the registered proprietor of each school and the registered title holder of all school property.

Thus the Trustees as the civil identity which enters into commercial contractual arrangements on behalf of the Diocese and parishes as well as the schools in trust for the Diocese and Parish as applicable. As such the Trustees execute such contracts as are required in enabling the School System under the leadership of the Bishop to operate in a civil context and thus would also be the legal party represented in Court in respect to any litigation that may arise from such contracts.

### ***The Diocesan Finance Council (DFC)***

The DFC is as an advisory committee to the Bishop and is responsible for advising the Bishop on all financial matters for which the Bishop is responsible including in recommending on anything that requires the Bishop's approval.

Accordingly the DFC provides leadership and direction to the Bishop on all matters of stewardship and administration in relation to his responsibilities under this framework of financial governance for the School System.

DFC members act in a position of responsibility and trust which requires that they exercise sound financial management of all church and public funds and assets entrusted to them as advisors to the Bishop.

### ***The Vicar***

The Vicar, as the Bishop's representative in respect to the Education ministry of the Diocese, acts for the Bishop on all governance matters concerning the School System other than in those areas where the Bishop reserves the powers for himself. This role is undertaken through the Vicar's position as President of the Diocesan Catholic Education Council.

### ***Diocesan Catholic Education Council (DCEC)***

The role of the DCEC in financial governance is primarily one of monitoring all aspects of the School System from a financial perspective, providing advice as well as making recommendations to the Bishop through the Vicar and DFC, as applicable, on all areas that require the Bishop's approval. The DCEC is structured with two sub-committees:

- Religious Education and Catholic Life sub-committee focusing on Catholic Identity and Mission
- Finance and Resources Sub-committee to ensure adequate attention is paid to financial, audit and School Capital Works matters

Through the Finance and Resources sub-committee, the DCEC's role includes:

- Providing annual and long term financial advice and recommendations
- Reviewing and recommending annual recurrent and capital budgets
- Approving CEO and School annual budgets
- Monitoring and evaluating actual performance against approved budgets
- Reviewing and recommending annual and long term capital and maintenance needs and plans
- Reviewing and recommending Planning for new schools, rationalization of existing schools and expansion of existing schools
- Reviewing and recommending school fee collection policy and monitoring performance
- Monitoring and evaluating effectiveness of investment and debt management
- Reviewing and recommending internal risk and financial control systems
- Monitoring and evaluating the efficient use of school resources by the Catholic community and others
- Monitoring and evaluating State and Commonwealth funding policies and regulations including impact on school facilities and funding
- Reviewing, recommending and monitoring the promotion and marketing of catholic schools
- Monitoring and evaluating implications of annual audited financial statements

### ***The Executive Director of the CEO (Director)***

The Director is delegated with overseeing and leading all aspects of the School System, inclusive of the CEO and the 33 parish schools and is responsible for meeting the financial expectations for the School System in terms of both strategic outcomes and results as determined as appropriate by the DCEC and as approved by the Bishop as required. Key roles include:

School System as a whole:

- Overseeing development of financial strategy, sustainability framework, CEO and school budgets
- Reporting outcomes to DCEC against budget and key performance indicators
- Ensuring regulatory responsibilities are met including for funding, BOSTES, ACNC (as the registered Responsible Person for the CEO and all schools) and all other requirements for the 33 schools
- Ultimate responsibility through delegation of key financial activities to a Finance Leader inclusive of
  - Receiving and managing government grants and diocesan fees and complying with all reporting requirements
  - Developing and managing overall School System budget and framework requirements across the CEO and schools
  - Monitoring School System capital requirements and impacts of strategic aspects
  - Establishing the approved staffing allocations

Specific responsibilities and accountabilities for the financial management of the School System may be delegated by the Director to a Finance Leader with the relevant business skills in order to achieve effective outcomes. Although this reflects normal business practice with the Financial Officer also having significant leadership and accountabilities as recognised in many comparable environments, the Director is ultimately accountable for School System management and performance.

Specific financial CEO functions and resources

- Approving CEO budget submitted by the Finance Leader
- Determining adequate resource structure and skills capabilities required to centrally support school needs and deliver against strategic objectives
- Recommending key appointments of the CEO to the Bishop

Specific financial school oversight

- Reviewing school budgets submitted by School Principals for recommendation to the DCEC for approval
- Establishing the approved staff allocation structure for all schools
- Ensuring each school maintains proper financial records that accurately reflect the schools financial operations in accordance with government and system requirements
- Managing the process associated with legal matters regarding outstanding debts on behalf of the Trustees
- Provision of relevant financial and strategic data to assist schools in long term planning initiatives
- Recommending School Principal appointments to the Bishop

### ***The School Principal***

The School Principal is delegated responsibility by the Director to operate and lead the school and is accountable to the Director.

From a financial perspective the School Principal is primarily responsible for the day to day running of the school in accordance with the budget approved by the Director of the CEO after it being prepared in consultation with the

CEO and the Parish Priest to ensure due consideration is given to specific pastoral and economic issues as they affect the Parish.

From a financial perspective key roles include:

- Accurate completion of strategic planning and forecasting templates provided by the CEO in consideration of education and pastoral needs in the context of local demographic trends, consultation with the broader school community and the Parish Priest and Parish Finance Council
- Presenting school financial information such as budgets, capital project planning, long term strategic plans and enrolment forecasts to the Parish Priest and Parish Finance Council
- Adherence to the policies and procedures set by the CEO
- Responsibility for financial management of the school through setting and meeting approved budgets
- Compliance with use of business systems nominated by the CEO
- Compliance with statutory and system reporting and record keeping requirements in the capacity as the Responsible Person under state legislation
- Timely collection and remittance of Diocesan fees
- Manage fee relief and collection in accordance with policy set by the CEO
- Reporting of all school bank accounts and investments to the CEO
- Management and authorisation of school based payroll documentation
- Approving purchase of goods and services for school needs in compliance with CEO policy
- Maintaining an accurate and comprehensive asset register
- Ensuring all staff adhere to the CEO's conflicts of interest policies and procedures

#### *Financial Authority*

Approval of the opening of any bank accounts of any nature is reserved for the CEO in line with delegated authority arrangements

#### Revenue

In the school collecting revenue based on an approved framework in the form of:

- Diocesan fees on behalf of the Bishop, remitted to the CEO periodically as required
- Capital works levy on behalf of Bishop, remitted to the CEO periodically as required
- School related revenue
  - School based fees and operating allowance from CEO, they are to be used to cover only expenditure approved in the budget
  - Sales relating to trading activities such as uniform or canteens, they are to be used to cover only expenditure relating to these activities and others as approved in the budget

#### Expenditure

##### Operating Expenses

The School Principal has delegated authority for incurring approved budgeted operating expenditure and to enter into contracts as necessary up to \$20,000 in line with CEO policy in meeting the needs of the school as reflected in the approved budget. Approval of all other expenditure relating to the school and the system is reserved for the CEO executed in line with the School System's expenditure delegation policies.

##### Capital Expenditure

The School Principal has delegated authority for incurring approved budgeted capital expenditure and to enter into contracts as necessary up to \$20,000 in line with CEO policy in meeting the needs of the school as reflected in the approved budget. Approval of all other capital expenditure and the method of funding are reserved for the CEO executed in line with the School System's expenditure delegation policies.

The Parish Priest as the administrator of all parish land and buildings is to be consulted on all matters of expenditure relating to the building infrastructure, whether of a capital or major maintenance nature. Thus the Parish Priest must confirm their approval of any such expenditure whether initially approved by the CEO or the School Principal.

#### Loan arrangements

Subject to the delegations manual, approval of any loan for whatever purpose relating to Schools of the Diocese are reserved for the responsibility of the Bishop following consideration of all relevant aspects by the CEO and the DCEC in line with the strategic requirements of the School System.

#### ***The Parish Priest***

The Parish Priest provides leadership in faith and all pastoral matters as well as ensuring that Schools follow Canon Law in their management and governance arrangements. This is primarily achieved through consulting with the Principal and CEO in determining School budgets and in the Principal and CEO keeping the Parish Priest informed on outcomes. These arrangements apply to both operational and capital financial management.

#### ***The Parish Finance Council (PFC)***

As an advisory council to the Parish Priest the PFC is responsible for advising the Parish Priest on all matters for which the Parish Priest is responsible. Therefore they are consulted and informed in the same manner as the Parish Priest in respect to all financial matters related to the School.

The Parish Finance Council are to be furnished with school budget, enrolment information and capital works projects for review and endorsement, with any specific accounting related queries to be submitted for clarification by the Principal or CEO. Ideally members of the Parish Finance Council will include relevant members from the school community, as well as the Principal either forming part of or regularly presenting to the PFC as appropriate.

**FINANCIAL GOVERNANCE MATRIX FOR THE CATHOLIC EDUCATION SYSTEM IN THE DIOCESE OF BATHURST**

<u>R</u>	<i>Responsible</i>	Those who do the work to achieve the task. There is at least one role with a participation type of <i>responsible</i> , although others can be delegated to assist in the work required.
<u>A</u>	<i>Accountable (also approver or final approving authority)</i>	The one ultimately answerable for the correct and thorough completion of the deliverable or task, and the one who delegates the work to those <i>responsible</i> . In other words, an <i>accountable</i> must sign off (approve) work that <i>responsible</i> provides. There <b>must</b> be only one <i>accountable</i> specified for each task or deliverable.
<u>E</u>	<i>Evaluate &amp; recommend</i>	Evaluate and recommend to the next level of governance
<u>C</u>	<i>Consulted</i>	Those whose opinions are sought, typically subject matter experts; and with whom there is two-way communication
<u>I</u>	<i>Informed</i>	Those who are kept up-to-date on progress, often only on completion of the task or deliverable; and with whom there is just one-way communication
<u>M</u>	<i>Monitor or review</i>	Receiving regular reporting with the expectation of feedback

	Activity		Bishop	Trustees	Diocesan Finance Council	Diocesan Catholic Education Council	DCEC Finance & Resources Sub-Committee	Executive Director	Finance Leader	HR Committee	School Consultant	HR Manager	Parish Priest or Parish Finance Committee	Principal
<b>Financial Strategy</b>														
1	System Sustainability Policy		A		E	E	C	R	R				I	I
2	Delegations Policies		A		E	E	C	R	R	I	I	I	I	I
3	Financial Administration Policy		I		I	A	C	R	R	I	I	I	I	I
4	System Financial Plan		A		E	E	C	R	R				I	I
5	Annual Audited System Financial Report		A		E	E	C	R	R					

	Activity		Bishop	Trustees	Diocesan Finance Council	Diocesan Catholic Education Council	DCEC Finance & Resources Sub-Committee	Executive Director	Finance Leader	HR Committee	School Consultant	HR Manager	Parish Priest or Parish Finance Committee	Principal
6	Appointment of External Auditor		A		I	E	R	C	C					
7	CEO Budget		I		I	A	E	R	R	C	C	C		
8	CEO Budget vs Actual					M	M	A	R		C	C		
9	School Budgets					A	E	E	R		C		C/I	R
10	School Budgets vs Actual					I	I	M	M		C		C/I	R/A
11	Regulatory Financial Reporting (FQ, mySchool, ACNC, BOSTES)		I		I	M	C	A	R				I	C/R
<b>Enrolments</b>														
12	Enrolment of Students					I	I	A/C	M		C		C/I	R
13	Reporting of Enrolments		I		I	M	M	M	R		C	I	I	A
14	Census Reporting					I	I	I	A			I	I	R
<b>Fee Setting</b>														
15	Setting of Capital Fees and Diocesan Fees		A		E	E	E	R	R				I	I

	Activity		Bishop	Trustees	Diocesan Finance Council	Diocesan Catholic Education Council	DCEC Finance & Resources Sub-Committee	Executive Director	Finance Leader	HR Committee	School Consultant	HR Manager	Parish Priest or Parish Finance Committee	Principal
16	Setting of School Related Fees		I		I	A	E	E	C		C		C	R
<b>Fee Management</b>														
17	Invoicing - Schools							I	I/R		I			A/R
18	Collection of Fees					I	I	M	I/R		C		C	A/R
19	Fee Relief					I	I	I	M		C		C	A/R
<b>Staff Allocations</b>														
20	Setting of FTE					I	I	A	C	R	E	R		C
<b>Expense management</b>														
21	CEO Expense Management					I	M	A	R					
22	School Expense Management					I	I	I	M		C			A/R
<b>Capital</b>														
23	Minor Capital Expenses <\$20k					I	I	I	M		C		I	A/R
24	Capital Works >\$20k-\$50k					A	E	R	R		C		C	R
25	Major Capital Works or Land/Building Acquisition/Divestment >\$50k		A	A	E	E	E	R	R		C		C	R

	Activity		Bishop	Trustees	Diocesan Finance Council	Diocesan Catholic Education Council	DCEC Finance & Resources Sub-Committee	Executive Director	Finance Leader	HR Committee	School Consultant	HR Manager	Parish Priest or Parish Finance Committee	Principal
26	Borrowing <\$50k CDF							A	R		C		I	R
27	Borrowing >\$50k CDF		A		E	E	E	R	R				I	I
<b>Budget Variations – Capital or Operational</b>														
28	Budget Variations \$20k-\$49,999							A	R		C		C	R
29	Budget Variations >\$50k		A		E	E	E	R	R				C	I/R