



MSEI POLICY 9.0

9.1 FINANCIAL GUIDELINES FOR WHEN SEEKING BOARD APPROVAL FOR CAPITAL PROJECTS AND LOANS

1. PREAMBLE

The following guidelines have been prepared to assist Principals and Business Managers in the application process of seeking approval for capital projects and loans. The Congregation Leader and Council are mindful of their canonical obligations and must be kept fully informed of their total exposure to debt and capital developments in the colleges. Titles to all properties owned by the Sisters of Mercy - Melbourne Congregation are held in trust by the Sisters of Mercy Property Association (SOMPA), a registered company limited by guarantee.

2. PRELIMINARY PHASE

Before seeking approval and in accordance with MSEI guidelines, the Principal must:

- Determine the school needs through consultation with appropriate school personnel;
- Obtain planning approval from the Board by presenting a planning brief outlining the proposed project;
- Ensure that a representative from the Board visits, or has recently visited, the school and the proposed building site;
- Be responsible for obtaining:
 - a) detailed sketch plans and statutory documentation as required.
 - b) estimate of costs.
 - c) financial details (Five year plan)* re funding the project.
 - d) ten-year enrolment patterns (graph and table) showing actual enrolment figures for the three previous years, the current year and projections for the next six years for the Year 7 intake and Total school enrolment.
- Submit copies in advance and present in person to the Board, final plans and financial details of the project. Such presentation may be made in conjunction with key project personnel such as school Business Manager, Architect and/or Project Manager.

3. PREPARATION OF DOCUMENTATION:

To assist the Board in recommending approval to Congregation Council of capital projects and loans, relevant financial information, as detailed in the spreadsheets following, is required for the Board's consideration. Such information should be presented in a format and style that is logical and sequential and with deficit figures shown in brackets and in BLACK ink. Copies of the financial data must be submitted to MSEI no less than nine (9) days prior to the date of the Board meeting at which the formal presentation will take place.

*Five year financial plan: (Refer Proforma spreadsheet)

- Please ensure that explanatory notes of underlying assumptions are included at relevant points in the financial plan; eg % fee increases, % salary increases;
- Supplementation must not be included in budget projections;
- It is the Board's expectation that in conjunction with the Business Manager and Finance Committee of the School Council, the Principal will validate the accuracy of figures provided to the MSEI Board;



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- All background calculations and analysis data are to be available at the school for perusal by the Board if requested;
- Consideration of any other major project and/or master plan must be incorporated into the financial plan presented for single projects;
- A list of current balances of all Investment Accounts for Specific Purposes and School Building Funds is also required.

4. **TEMPLATE FOR 5 YEAR PLAN**

Refer Proforma section

5. **TEMPLATE FOR LOAN REPAYMENTS**

Refer Proforma section

6. **APPROVAL**

Board members will consider the application for the capital project and if approved, make a formal recommendation to the Congregation Leader and Council for ratification of the project and where relevant, a recommendation for loan approval. [Refer Principal's Handbook page (8)]

The Congregation Leader and Council will consider the recommendation for ratification or approval at the next formal meeting of Council and the Executive Officer of the Board will formally advise the Principal of the outcome.

Reviewed: February 2007
Next Review: 2010