Terms of Reference
Finance, Audit & Risk Committee

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Approving Body	FA & RC

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Terms of Reference – FA & RC

1.0 Purpose

1.1. The purpose of the Finance, Audit and Risk Committee is to support the Board of Directors in fulfilling its corporate governance and oversight responsibilities by providing advice that is independent of management on all items relating the Trust's finance, audit and risk arrangements and systems of internal control.

1.2. The Committee will review and challenge, where necessary, the actions and judgement of management in relation to the Trust's financial statements and shall ensure compliance with charity and company law and other legal requirements, as necessary.

1.3. The Committee will report the Committee's advice and conclusions to the Board of Directors and Members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration.

1.4. These Terms of Reference are in place to enable the Board of Directors to deliver its responsibility and accountabilities highlighted within the Articles of Association, Academy Trust Handbook, and the Trust Scheme of Delegation. In the event of uncertainty regarding these terms of reference, the Scheme of Delegation shall take priority. In the event of further uncertainty, the Articles shall take priority.

2.0 Scope of responsibilities

2.1 The Committee is authorised to:

- investigate any activity within its Terms of Reference;
- seek any information it reasonably requires for the proper performance of its role; in compliance with all procurement and value for money requirements, obtain such external legal or other independent professional advice as is reasonably necessary for the performance of their role, the cost of which shall be borne by the Trust;
- ensure that all allegations of fraud, including academic fraud, and any significant losses or other irregularities are thoroughly investigated and, where appropriate, that the internal auditors, external auditors and, where required, the Department for Education are informed.

2.2 In respect of finance policy the Committee is authorised to:

- in consultation with the CEO and Executive Leaders, recommend to the Board for approval the first formal three-year budget plan of the financial year;
- ensure that the Academy Trust operates and complies within the requirements of the Trust's Articles of Association, Trust Scheme of Delegation, Financial Scheme of Delegation, Academy Trust Handbook and Financial Management Policy;
- review, adopt and monitor the Financial Management Policy and other finance related policies and procedures which include the Financial Scheme of Delegation for spending for the Board of Directors, its committees, Headteachers and other nominated staff;
- make recommendations to the Board of Directors where appropriate;
- inform the Board of Directors of any changes in legislation and/or policy which may affect the day to day running of an academy or the Trust;
- to ensure a register of pecuniary and business interests for Directors and central staff is kept and is open to inspection;
- to monitor returns to Companies House and DfE as required.

2.3 In relation to financial decision-making and planning the Committee is authorised to:

- monitor the implementation and administration of the Financial Management System (FMS) and budgeting software to ensure it is fit for purpose, suitable and delivering best value;
- ensure the establishment of a three-year plan considering the agreed priorities of the Trust Strategic Plans by recommendation to the Board for approval;
- recommend and monitor a detailed annual budget (revenue and capital expenditure), which incorporates the agreed priorities of the Trust's strategic plans;
- authorise contracts and expenditure within the limits set by the Scheme of Financial Delegation and Financial Management Policy;
- recommend a consolidated budget and central Trust Levy to the Board of Directors on an annual basis.
- make decisions on expenditure following recommendations from the CEO, CFO and other committees, in line with the Scheme of Financial Delegation;
- receive reports from any other committees that may have financial implications on the operation of the Trust;
- ensure the Trust has suitable arrangements in place to hold and maintain an accurate fixed asset register.

2.4 In relation to staffing decision-making and planning the Committee is authorised to:

- to make recommendations to the Board of Directors on staffing levels and the leadership and management structure for the Central Team;
- to monitor and recommend staffing levels and the leadership and management structure for individual schools, as appropriate.

2.4 In relation to financial monitoring the Committee is authorised to:

- monitor the income and expenditure throughout the year of all funds against the annual budget plan in monthly management accounts produced by the CFO;

- Oversee and challenge pupil number projections, inflation and pay award assumptions and review these regularly.
- monitor accounts for all academies and the Trust, in line with associated guidance;
- monitor and report on grant funding allocations in line with associated guidance;
- monitor the Trust's cash flow position and ensure effective treasury management;
- report to the Board any significant variances in the performance of the Trust
- against the annual budget plan;
- monitor financial risk and regularly review the Trust Risk Register to ensure that it is fit for purpose;
- To oversee the school resource management self-assessment tool and any other government tool/return completion and timely submission;
- review performance against agreed key financial performance indicators on a regular basis;
- monitor delegated budgets;
- receive and recommend the annual financial statements to the Board of Directors for approval; and
- ensure that the conditions of the Trust's Funding Agreement are met, including compliance with the Academy Trust Handbook.

2.5 In relation to audit activities the Committee is authorised to:

- review the internal and external auditor's plan each year;
- review the auditor's findings and actions taken by Executive Leadership in response to those findings;
- direct the Trust's programme of internal audit and scrutiny; reporting to the Board on the adequacy of the Trust's financial and other controls and management of risks;
- ensure that risks are being addressed appropriately through internal scrutiny and review actions taken by Executive Leadership actions against any recommendations;
- require any member of the Trust's staff and the internal and external auditors, once appointed, to co-operate with its reasonable requests for information and assistance;
- receive reports from external auditors and act as point of contact for the external auditors should they have any concerns;
- ensure the independence in internal audit by establishing and maintaining appropriate reporting lines whereby internal audit can report directly to the Committee;
- advise the Board of Directors and Members in relation to the appointment of the internal and external audit services, the terms of such appointments, the scope of work to be undertaken by them and the associated fee; monitor their performance in accordance with agreed criteria;
- make recommendations to the Members in respect of reappointment, resignation and dismissal of external auditors;
- advise the Board of Directors of any non-audit services undertaken for the Trust by the internal auditors or the external auditors;

- promote co-ordination between the internal and external auditors;
- consider and report to the Board of Directors on all audit reports, annual reports and control issues included in the management letters of the external auditors, and management's responses to those;
- monitor, within an agreed timescale, the implementation of audit-based recommendations from whatever source; and
- consider and advise the Board of Directors on any relevant audit reports and audit guidance.

2.6 In relation to internal control and risk management the Committee is authorised to:

- advise the Board of Directors on the adequacy and effectiveness of the Trust's systems of internal control and its risk management and governance processes in ensuring that satisfactory arrangements are in place to promote economy, efficiency and effectiveness (value for money);
- ensure the Trust's Risk Register includes contingency and business continuity planning;
- ensure that the risk register covers the full operations and activities of the trust, not only financial risks;
- review the adequacy and robustness of the Trust's risk registers, processes and procedures for the identification, assessment, evaluation, management and reporting of risks;
- report periodically to the Board of Directors on the effectiveness of the Trust's risk management, internal controls and governance processes, and any significant matters arising from the work of the internal and external auditors; and
- assist the Board as required in relation to the production of the Trust's annual report.

2.7 In relation to health, safety and statutory compliance activities the Committee is authorised to:

- examine internal and external health and safety reports and audits, and discuss / oversee / monitor areas of improvement;
- review health and safety arrangements, policy and procedure on a continuous basis and oversee implementation of revisions where necessary;
- confirm compliance with statutory policies and procedures;
- monitor health and safety training and communication;
- ensure that the Trust Health and Safety Policy is brought to the attention of all staff and is implemented in academies.
- ensure that a "site-specific" health and safety policy is in place;
- ensure that adequate insurance provision is in place;
- ensure that the Trust is 'GDPR' compliant;
- be informed of any existing or potential litigation and make decisions accordingly;

3 Constitution and Membership

3.1 Membership:

- Up to 4 Directors with no executive responsibility for the management of the Trust or its academies and up to 2 co-opted Committee members.
- The Chair of the Board of Directors will NOT chair this Committee.
- Co-opted committee members will have voting rights.
- The Chair of the Committee will have the final or casting vote, in the event of an equal division of votes.
- Trust employees will NOT be members of this Committee.

3.2 Quorum:

- At least 3 Directors.

3.3 In attendance (agreed in advance by the Chair):

- CEO
- CFO
- Clerk

As invited:

- Executive Leaders
- Internal Auditor
- External Auditor

3.4 To advise the Board on matters relating to the Trust's centre and individual academies.

3.5 The Finance, Audit & Risk Committee is responsible to the Board.

3.6 The Committee's Terms of Reference are adopted by the Board and may only be amended with the approval of the Board.

4 Frequency of Meetings and Administration

4.1 The Committee will meet at least once per term and be prepared to meet up to 6 times a year; as required.

4.2 The Committee will receive reports from the Trust in sufficient detail to enable it to undertake its strategic responsibilities for planning, monitoring and evaluation.

4.3 The Committee is authorised by the Board of Directors to:

- carry on any activity authorised by these terms of reference;
- seek any appropriate information that it requires from any officer of the Trust and all officers shall be directed to co-operate with any request made.
- carry out financial duties highlighted in the Scheme of Delegation and Financial Scheme of Delegation that are allocated to the Board of Directors, providing recommendations where appropriate.

4.4 Proceedings of Committee Meetings:

- every matter to be decided at a meeting of the Committee must be determined by a majority vote of the members present and voting on the matter;
- where there is an equal division of votes the Chair shall have a casting vote;
- a register of attendance shall be kept for each Committee meeting and published annually on the Trust's website and in the annual accounts in accordance with the Academy Trust Handbook.
- Approval of policies and documents may, at times, be required outside of Committee meetings. In such circumstances Directors can seek approval via e- mail through the Clerk.
- Where a quorum of responses is not received by the approval date, the approval will be requested from the full Board of Directors via e-mail through the Clerk.

4.5 The CEO will be an ex-officio member of the Finance, Audit & Risk Committee.

4.6 Other employees of the Trust may be invited to attend meetings, but will have no voting rights.

4.7 The Chair of the Finance, Audit & Risk Committee will be appointed by and from the Board annually. The CEO may not act as Chair of the Committee. If the Chair is absent from a meeting the Committee shall choose another Board member to act as Chair for that meeting.

4.8 The Finance, Audit & Risk Committee will be quorate if at least three members (or at least one third if greater) of those members eligible to vote are present. In addition, at least 50% of those members present are required to be Board members (as opposed to co-optees or employees of the Trust).

4.9 Decisions to be made at meetings of the Committee shall be determined by a majority of the votes of eligible members. Where there is an equal division of votes, the Chair shall have a second or casting vote. If a member of the Committee withdraws from the meeting due to a conflict (or potential conflict) of interests, the

meeting must still be quorate in order for a vote to be conducted.

4.10 Administrative support will be provided by the Clerk to the Board or a nominated person deputising for the Clerk.

4.11 Agendas will be agreed in advance by the Chair of the Finance, Audit & Risk Committee (based on, but not limited to, a pre-agreed annual schedule of activity) and papers will be made available to members and attendees at least 5 working days in advance of the meeting.

4.12 Minutes of meetings will be taken and submitted to the next scheduled meeting of the Board once approved in draft by the Chair of the Committee.

4.13 The Finance, Audit & Risk Committee will self-assess its performance against these Terms of Reference on an annual basis and will also review the Terms of Reference, submitting any proposed changes to the Board for approval.

4.14 The members of the Committee shall hold office from the date of their appointment until their resignation or their omission from membership of the Committee on subsequent consideration by the Board (whichever shall happen first).

5 Amendment of Terms of Reference

5.1. This document shall be subject to review at least once every twelve months.

5.2. This document may be modified or replaced by the Directors.