



**Pennine Academies Yorkshire**  
**Trust Policy**

Name:	Finance Audit and Risk Terms of Reference
Date written:	September 2019
Date ratified by the Board of Trustees:	15/10/2019
Date of Review:	Autumn 2020

### **Finance Audit and Risk Terms of Reference**

These Terms of Reference are in place to enable the Trust Board to deliver its responsibility and accountabilities highlighted within the Articles of Association, Academies Financial Handbook and the Trust Scheme of Delegation. In the event of uncertainty regarding these terms of reference the scheme of delegation and/or articles the latter takes the priority.

This committee will act as the finance audit and risk committee for Pennine Academies Yorkshire finance activities working alongside local governing bodies and the Heads Executive Group (HEG).

In addition the committee shall be to assist the Board of Trustees to fulfil its corporate governance and oversight responsibilities by providing advice that is independent of management on the adequacy and effectiveness of the Trust's audit arrangements and systems of internal control. It shall 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.

### **INTRODUCTION**

Pennine Academies Yorkshire (the "**Trust**") is governed by a Board of Trustees (the "**Trustees**") who are accountable to the Department for Education and have overall responsibility and ultimate decision making authority for all the work of the Trust, including the establishing and running of the academies operated by the Trust.

The following academies are currently operated by the Trust:

**Farnham Primary School, Hollingwood Primary School**

**Laycock Primary School, Crossley Hall Primary School**

(each one the "**Academy**" or collectively the "**Academies**").

- A Finance Audit & Risk Committee's role is to help the Trustees meet their responsibilities for governance and risk management by having effective internal controls and through the efficient and effective use of funds.

- In order to assist with the discharge of their responsibilities, the Trustees have established a Terms of Reference for the Finance Audit and Risk Committee. The Finance Audit and Risk shall be a committee established by the BoT.
- The Trustees may review these terms of reference at any time but shall review them at least annually.
- These terms of reference may only be approved by the Board of Trustees but may receive input and recommendations from the Finance Audit and Risk committee members.
- Although the Board may delegate its functions, it remains fully accountable for them and has a duty to intervene as and when necessary, including removing all or any of the delegated functions (including those relating to staffing and budgets) from a Local Advisory Body and/or Finance Audit and Risk committee if it deems that it would be in the best interests of learners and staff.
- If there is any discrepancy between these Terms of Reference and the Trust's Articles or its Scheme of Delegation, the Articles and Scheme of Delegation shall take precedence over these Terms of Reference in that order.

### **Delegated Authority**

The Finance Audit & Risk Committee shall have delegated authority to:

- a) investigate any activity within its Terms of Reference;
- b) seek any information it reasonably requires for the proper performance of its role;
- c) 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; and
- d) require any member of the Trust's staff and the internal and external auditors, once appointed, to cooperate with its reasonable requests for information and assistance.

## **PART A –FINANCE**

### **Scope of Responsibilities**

#### **Finance Policy and Local Scheme of Delegation**

- In consultation with the relevant Local Advisory Board and Headteacher, to recommend to the Board for approval the first formal budget plan of the financial year
- To ensure that the academy trust operates and complies within the requirements of the Academies Financial Handbook, Trust Scheme of Delegation and Academy Financial Regulations
- To review, adopt and monitor the Finance Regulations and Procedures which include the local scheme of delegation for spending for the Board of Trustees, Finance committee, Headteacher and other nominated staff
- To make recommendations to the Board of Trustees where appropriate

- To inform schools and the Trust Board of any changes in legislation and/or policy which may affect the day to day running of an academy or the Trust

### **Financial Decision-Making and Planning**

- To support the Leadership in the monitoring and implementation of the PS Financials and budgeting software to ensure it is fit for purpose, suitable and delivering best value
- To ensure the establishment of a three-year budget plan taking into account the agreed priorities of the Academy Development/Improvement Plans by recommendation to the Board for approval
- To approve a detailed annual budget plan (revenue and capital expenditure) considering the agreed priorities of the Academy Development/Improvement Plans
- Authorise all contracts and expenditure between the limits set by the Scheme of Delegation
- To recommend the Trust consolidated budget and central costs recharge charge to schools on an annual basis

### **Financial Monitoring**

- Working with the respective Local Advisory Bodies to monitor budgets and the income and expenditure throughout the year of all academies funds against the annual budget plan in monthly management accounts produced by the CFO (or equivalent)
- To monitor monthly accounts across the Trust
- To monitor and report on pupil premium expenditure and grant funding allocations in line with associated guidance
- To report to the Local Advisory Bodies any significant anomalies in the performance of the academy against the annual budget plan
- To monitor financial risk
- Subject to the local scheme of delegation, to approve any budgetary adjustments that will from time to time be necessary in response to the evolving requirements of the school
- To control/monitor delegated budgets

### **Relationship with other Committees**

- To make decisions on expenditure following recommendations from Local Advisory Bodies in line with the scheme of delegation
- To receive reports from any other committees that may have financial implications on the operation of the schools and Trust.

### **Capital works**

- To oversee the delivery of a Trust wide asset management strategy and plan
- To make associated decisions on capital works based on Trust and building priorities identified in the asset management plan and in line with allocated funding

### **Human Resources**

- Ensure any pay awards proposed to Trust leadership posts are affordable before recommendation to the pay committee

## **PART B –Audit and Risk**

### **Scope of Responsibilities**

1. To advise the Board of Trustees on the adequacy and effectiveness of the Trust's systems of internal control and its risk management and governance processes and to satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness (value for money).
2. To review the adequacy and robustness of the Trust's risk registers, processes and procedures for the identification, assessment, evaluation, management and reporting of risks.
3. To advise the Board of Trustees in relation to the appointment of the internal and external auditors, the terms of such appointments and the scope of work to be undertaken by them; to monitor their performance in accordance with agreed criteria; and to advise the Board of Trustees of all reappointments, resignations and dismissals.
4. To advise the Board of Trustees of any non-audit services undertaken for the Trust by the internal auditors or the external auditors.
5. To promote co-ordination between the internal and external auditors.
6. Prepare for annual audit and pension audit and ensure all working papers and supporting documentation is readily available (with Trust Chief Financial Officer and Business Managers)
7. Receive External Audit Management Letter and findings report
8. To discuss with the external auditors any problems or concerns arising from the audits, including a review of the management letter incorporating management's responses, as well as any other matters the external auditors wish to raise.
9. To agree the scope for internal audit each year and to keep under review the Trust's annual internal audit plan and to discuss with the internal auditors any significant findings of internal audit investigations and management responses.

10. To consider and report to the Board of Trustees on internal audit assignment reports, annual reports and control issues included in the management letters of the external auditors, and management's responses to those.
11. To monitor, within an agreed timescale, the implementation of audit-based recommendations from whatever source.
12. Ensure all points raised from Annual Audit Management Report are actioned
13. To report periodically to the Board of Trustees 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 to assist the Board as required in relation to the production of the Trust's annual report.
14. To ensure that all allegations of fraud, including academic fraud, and any significant losses or other irregularities are properly investigated and, where appropriate, that the internal auditors, external auditors and, where required, the Education and Skills Funding Agency, are informed.
15. To ensure that the conditions of the Trust's Funding Agreement's, including compliance with the Academies Financial Handbook are met.
16. To recommend the annual financial statements to the Trust finance committee and Board of Trustees for approval.
17. To consider and advise the Board of Trustees on any relevant reports or guidance issued by the Education and Skills Funding Agency, as well as any new legislation, which concerns the activities of the Committee.
18. To require management to withdraw from one meeting each year if necessary to enable a confidential discussion with the appointed auditors
19. Invite people to meetings as appropriate who may be in charge of risk and/or will report on agenda specific items.

#### **Proceedings of Committee Meetings**

1. Frequency of meetings: The committee should meet a minimum of once a term and be prepared to meet up to 6 times a year.
2. The quorum for the transaction of the business of the Committee shall be a majority of the Committee members and no vote on any matter shall be taken at a meeting of the Committee unless the majority of members of the Committee present are Trustees.
3. Every matter to be decided at a meeting of the Committee must be determined by a majority of the votes of the members present and voting on the matter.
4. Where there is an equal division of votes the Chair shall have a casting vote.

5. A register of attendance shall be kept for each Committee meeting and published annually on the Trust’s website in accordance with the AFH.

**Authority**

The Committee is authorised by the Trust Board to:

- carry on any activity authorised by these terms of reference; and
- carry out financial duties highlighted in the scheme of delegation that are allocated to the Board of Trustees providing recommendations where appropriate; and
- 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.

**Constitution and Membership**

Membership: 5 (3 Trustees, 2 others)

In Attendance: Chief Finance Officer, Chief Executive Headteacher, Clerk.

By invitation to part or all of the meeting (to be agreed by the Chair): Headteachers, School Business Managers.

**Quorum: 3**

No vote on any matters shall be taken at a meeting of the Finance, Audit and Risk Committee unless the majority of members present are Trustees.

**Attendance at meetings**

The Trust CEH and/or Deputy CEH.

**Adopted by Pennine Academies Yorkshire Board on \_\_\_\_\_**

**Chair of Pennine Academies Yorkshire Board \_\_\_\_\_**

**Pennine Academies Yorkshire Board Director \_\_\_\_\_**

**Next Review Date \_\_\_\_\_**