

## Finance Audit & Risk Committee Terms of Reference

### 1 Authority

1.1 The Finance, Audit and Risk Committee is authorised by the Board of Trustees to investigate any activity within its terms of reference, and to seek any information it requires from staff, who are requested to co-operate with the committee in the conduct of its enquiries. The Finance, Audit and Risk Committee is authorised to obtain independent professional advice if it considers this necessary. The Committee is an advisory body and has no executive powers.

### 2 Membership and Quoracy

2.1 The Committee shall be appointed by the Board of Trustees.

2.2 The Chair of the Board shall not be Chair of this Committee.

2.3 No employee of the Trust shall be a member of the Committee.

2.4 The Committee shall comprise of at least three members with a quorum being two members, one of whom must be a Director.

2.5 To assist it in discharging its function, the Committee may co-opt up to two additional members (not being Trustees) with appropriate financial and/or audit experience. The Board of Trustees must give its prior approval to any such nominations.

2.6 Decisions to be made at meetings of the Committee shall be determined by a majority of the votes of committee members present and voting. Where there is an equal division of votes, the Chair shall have a second or casting vote.

### 3 Chairing

3.1 The Chair and Vice-Chair of the Finance, Audit and Risk Committee shall be appointed by the Board of Trustees.

### 4 Frequency of Meetings

4.1 The Finance, Audit and Risk Committee shall meet at least three times per year to review resources and premises, and at least three times per year to review Risk and Audit.

### 5 Attendance

5.1 The CFO and Accounting Officer will be in attendance. The Chair of The Board of Trustees shall have the right to attend any meeting of the Committee. Internal and external audit representatives will attend by invitation of the Chair.

### 6 Key Purpose

6.1 The main functions of this committee in relation to resources and premises are to:

- Assure Board of Trustees that they meet all requirements regarding statutory compliance, solvency and probity.

- Ensure financial resources available to the Trust are managed effectively and efficiently, to provide a quality education for the children in the academies that is value for money.
- Provide internal scrutiny and a strong policy, monitoring, evaluation and reporting framework so the Trust and its schools function in line with the Academy Trust Handbook.
- Ensure public money given to educate the children on roll is used effectively and efficiently so they make at least good progress in all aspects of learning, formation, attainment and progress.
- Enable the Board of Trustees to be accountable for the use of: public monies, charitable assets (premises and buildings); and all other resources held in the ownership of the Trust, by ensuring high standards of management and administration of the Trusts' finances and resources.
- Make recommendations to the Board of Trustees and to other committees as necessary and appropriate.

6.2 The purpose of this committee in relation to risk and audit, is to monitor the integrity of the financial statements, to review the governance, internal control and risk management systems and to review the internal and external audit services. It also gives recommendations to the Board of Trustees where it considers that action and improvement is needed.

## **7 Functions and Duties**

### **7.1 Finance and Budgeting**

7.1.1 To approve a written scheme of delegation of financial powers that maintains robust internal control arrangements taking account of the current Schedule of Requirements in the current Academy Trust Handbook.

7.1.2 To consult with the CEH and CFO to draft, scrutinise and agree a formal budget plan for the financial year and a three-year financial plan for the Trust and make recommendations to the Board of Trustees for its approval, taking into consideration:

- the funds and resources available;
- forecasted pupil numbers and staffing;
- contractual liabilities;
- key priorities of the academies' improvement plan;
- anticipated changes with financial implications.

7.1.3 To discharge the Trustees' responsibilities with respect to all voluntary funds held on behalf of the Board of Trustees.

7.1.4 To carry out any tasks delegated by the Board of Trustees in relation to finance, e.g. advising on or deciding on:

- service level agreements
- considering and approving recommendations involving finance made by other committees
- financial implications of deciding on adopting any policy under consideration with significant budget implications.

7.1.5 To receive and make recommendations based on financial benchmarking reports.

7.1.6 To review, evaluate and approve financial policies.

## **7.2 Governance, Risk Management and Finance**

- Review the annual accounts, financial statements and statements on internal control and governance of the Trust to ensure that they can be recommended to the Board of Trustees for approval.
- Review internal and external reports and make recommendations to the Board of Trustees.
- Consider all relevant reports, including reports on the Trust's accounts, achievement of value for money and the response to any management letters.
- Review the effectiveness and integrity of systems of internal control established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner.
- Review the effectiveness of systems to assess and manage risk.
- ensure the Trust has an effective risk register in place to manage risk and said register includes contingency and business continuity planning.
- Review the operation of the Academy's code of practice for members of the Board of Trustees, Local Governing Bodies and the code of conduct for staff.
- Consider any other matters where requested to do so by the Board of Trustees.

## **7.3 Internal Audit**

The committee will:

- consider and make recommendations to the Trust on the appointment, reappointment, removal and remuneration of the internal auditors.
- ensure independence in internal audit by establishing and maintaining appropriate reporting lines whereby internal audit report directly to the committee.
- direct the trust's programme of internal scrutiny
- ensure that risks are being addressed appropriately through internal scrutiny
- report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks
- consider and monitor management's responses to any major internal audit, and the timely and appropriate implementation of any recommendations.
- ensure that risks are being addressed appropriately through internal scrutiny
- meet with the internal auditors at least once a year to discuss their remit and any issues arising from the internal audits carried out.
- monitor and review the effectiveness and quality of the internal audit function to ensure it provides appropriate independent assurance to the Trust and value for money.

## **7.4 External Audit**

The committee will:

- assess the effectiveness and resources of the external auditor to provide a basis for decisions by the trust's members about the auditor's reappointment or dismissal or retendering.
- discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff.
- review the external auditor's plan each year
- advise Board of Trustees on the Trust's annual and long-term audit programme.
- review the annual report and accounts
- review the auditor's findings and actions taken by the trust's managers in response to those findings
- Meet with the external auditors at least once year to discuss their remit and any issues arising from the audit.

## **8 Reporting**

- 8.1 The Finance, Audit and Risk Committee will regularly report via its minutes to Board of Trustees.
- 8.2 The Finance, Audit and Risk Committee will produce an annual report of the committee's conclusions to advise the board of trustees and members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration.

## **9 Review of Terms of Reference**

- 9.1 The terms of Reference will be reviewed annually by the Finance, Audit and Risk Committee and recommended to the Board of Trustees for their approval.