

FINANCE, AUDIT & RISK COMMITTEE

TERMS OF REFERENCE

1 PURPOSE

- 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. This committee will support the Trust Board and Central Team in identifying areas of good practice as well as areas requiring support.

2 MEMBERSHIP & QUORUM

- 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 membership shall include at least two other Trustees.
- 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 The quorum for the Committee is three Committee members, at least two of whom must Trustees.

3 MEETINGS & ATTENDANCE

- 3.1 This Committee shall meet at least three times per year.
- 3.2 The CEO, CFO and COO will be invited to attend and report at each meeting. Other members of the central team may be invited, as required.

4 COMPLIANCE & POLICIES

- 4.1 This Committee will receive assurance around the Trust compliance with its policies and statutory guidance on matters related to finance, audit, risk, premises and health and safety.
- 4.2 This Committee will approve relevant policies in line with the Trust policy schedule.

5 KEY COMMITTEE FUNCTIONS

- 5.1 The main functions of this Committee are to:
- seek assurance on behalf of the Board of Trustees 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.
 - ensure a strong 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.
 - 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.

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- make recommendations to the Board of Trustees and to other committees as necessary and appropriate.

5.2 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.

6 COMMITTEE RESPONSIBILITIES

6.1 Finance and Budgeting

6.1.1 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.

6.1.2 To consult with the CEO 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.

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

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

- service level agreements / high-value contracts, in line with the financial scheme of delegation
- considering and approving recommendations involving finance made by other committees
- financial implications of deciding on adopting any policy under consideration with significant budget implications.

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

6.1.6 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.

6.1.7 Consider all relevant reports, including reports on the Trust's accounts, achievement of value for money and the response to any management letters.

6.2 Risk Management

6.2.1 To review internal and external reports and make recommendations to the Board of Trustees.

6.2.2 To 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.

6.2.3 To review the effectiveness of systems to assess and manage risk.

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- 6.2.4 To ensure the Trust has an effective risk register in place to manage risk and said register includes contingency and business continuity planning.
- 6.2.5 To monitor and review the Trust's premises and health and safety management plans.

6.3 Internal Audit

- 6.3.1 To review and make recommendations to the Trust on the appointment, reappointment, removal and remuneration of the internal auditors.
- 6.3.2 To ensure independence in internal audit by establishing and maintaining appropriate reporting lines whereby internal audit report directly to the Committee.
- 6.3.3 To direct the trust's programme of internal scrutiny.
- 6.3.4 To ensure that risks are being addressed appropriately through internal scrutiny.
- 6.3.5 To report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks.
- 6.3.6 To consider and monitor management's responses to any internal audit recommendation, and the timely and appropriate implementation.
- 6.3.7 To meet with the internal auditors at least once a year to discuss their remit and any issues arising from the internal audits carried out.
- 6.3.8 To 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.

6.4 External Audit

- 6.4.1 To 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, dismissal or retendering.
- 6.4.2 To discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has full co-operation from Trust staff.
- 6.4.3 To review the external audit plan each year.
- 6.4.4 To advise Board of Trustees on the Trust's annual and long-term audit programme.
- 6.4.5 To review and scrutinise the annual report and accounts.
- 6.4.6 To review the auditor's findings and actions taken by the Trust's executives in response to those findings.
- 6.4.7 To meet with the external auditors at least once a year to discuss their remit and any issues arising from the audit.

7 REPORTING

- 7.1 The Committee Chair will report key points to Trustees at the next Board meeting and will escalate any areas of concern.