



Terms of Reference - Finance, Audit and Risk

The board of Trustees (the **Trust Board**) of Life Academies Trust (the **Academy Trust**) has established a committee of the Trust Board to be known as the Finance and Audit Committee (the **Committee**). These are its terms of reference.

Membership

The Committee will be appointed by the Trust Board and will comprise of no fewer than three members, a majority of whom will be Trustees.

The Trust Board will appoint one of the members of the Committee as its Chair (the **Chair**). The Committee will elect a Clerk to the Committee.

To be quorate for any meeting a minimum of 3 (or 50% + 1 – whichever is the larger) is required.

Attendance

The Committee may ask the Finance Trustee and any other senior executive to attend meetings of the Committee either regularly or by invitation, to provide information.

The Committee will also ask a representative of both internal and external auditors to attend meetings as they consider necessary.

The Committee will have at least one annual meeting, or part of one meeting, with each of the external auditor and the head of internal audit without the senior executives being present.

Voting

The quorum for each meeting shall be one half of the members of the Committee rounded up. Decisions of the Committee shall be taken by a simple majority of those present and voting. The Chair will have a casting vote on an equality of votes.

Meetings

The Committee shall meet termly on such dates as shall be determined by the Committee from time to time and at such other time as the Clerk shall specify at the request of any member of the Committee.

Meetings can also be requested by the internal or external auditors if they consider that one is necessary.

Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda shall be sent to each member of the Committee and any other person invited or required to attend no fewer than seven working days prior to the date of the meeting.

Minutes

The Clerk will minute the proceedings and resolutions of the Committee and ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Minutes of each Committee meeting will be sent to all members of the Committee and the Trust Board within seven working days of the meeting.

Authority

The Committee is authorised by the Trust Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee. The Committee is authorised by the Trust Board to obtain outside legal or other independent professional advice and to secure the attendance of any person at any Committee meeting with relevant experience and expertise if it considers this necessary.

The committee will review, on a regular basis, its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness

Duties

The duties of the Committee shall be to:

Finance

- Develop a financial strategy for the Academy Trust and consider policies, procedures or plans required to realise such strategy
- Monitor and review income and expenditure on a regular basis and ensure compliance with the overall financial plan for the Academy Trust, drawing any matters of concern to the attention of the Trust Board
- Consider the Academy Trust's indicative funding, once notified by the EFA, and to assess its implications for the Academy Trust, in consultation with the CEO and the Finance Director, in advance of the financial year, drawing any matters of significance or concern to the attention of the Trustees
- Set delegated budgets each year for each Academy within the Trust, ensuring the compatibility of all such proposals with the development priorities set out in the Academy Trust Improvement plan and taking into account individual Academy circumstances.
- Liaise with and receive reports from the Standards, Performance and Pay Committee to make recommendations about the financial aspects of matters being considered by them
- Monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis,
- Monitor any variances from the budget and ensure the EFA is notified as required;
- Prepare the financial statement to form part of the annual report of the Trustees
- Ensure the Academy Trust's commercial and fundraising activities are carried out effectively

- Examine and review new initiatives for financial development, including fundraising
- Oversee significant investment and capital financing decisions
- Approve and keep under review the Academy Trust's investment policy
- Approve and keep under review the Academy Trust's reserves policy
- Promptly notify the Trust Board of all financial matters of which the Committee has knowledge and which may materially affect the current or future position of the Academy Trust
- Advise generally on the provision of resources and services to and from the Academy Trust
- To review, on a regular basis, its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness

Audit

- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal
- To discuss with the external auditor before the audit commences the nature and scope of the audit
- To review the annual financial statements before submission to the Trust Board , focusing particularly on:
 - any changes in accounting policies and practices
 - areas involving a significant degree of judgement
 - significant adjustments resulting from the audit
 - the going concern assumption
 - compliance with accounting standards
 - compliance with legal requirements
 - the clarity of disclosures
 - the consistency of accounting policies from year to year
- To discuss problems and reservations arising from the audit and any matters the external auditor may wish to discuss (in the absence of the management where necessary)
- To act as the body to whom the head of internal audit reports on the internal audit function and to discuss any issue that the head of internal audit may wish to raise (in the absence of the management where necessary)
- To review the internal audit function, consider the major findings of internal audit investigations and the management's response, and ensure co-ordination between the internal and external auditors
- To keep under review the effectiveness of internal control systems, and in particular review the external auditor's management letter and the management's response
- To consider the effect on the rights of the Academy Trust of the findings of the internal audits or the external audits

In discharging its audit duties, the aims of the Committee are to:

- Facilitate good communication between the Academy Trust and its external auditor
- Increase the credibility and objectivity of financial reporting
- Strengthen the independence of the audit function
- Improve the quality of the accounting and auditing functions.

Risk

- To develop and keep under review risk management and measurement strategies across the Academy Trust together with the procedures for monitoring the adequacy and effectiveness of those processes

- To review the action and implementation of risk management policy across the Academy Trust
- To consider the Academy Trust's risk profile relative to current and future Academy Trust strategy and identifying any such trends, concentrations or exposures and any requirement for policy change
- To receive and review risk management and relevant regulatory information and reports
- To consider material breaches of the agreed risk limits, review the actions taken in response and to prevent a repeat occurrence