

Finance, Risk and Audit Committee Terms of Reference September 2024

These Terms of Reference are to be reviewed annually at the first committee meeting of each academic year, or more frequently if required.

The Trustees have the power to establish any committee to assist in the conduct of the business of the Trust. If a committee is to have decision making authority, the committee board must comprise a majority of Trustees, enabling a quorate decision to be made.

Where relevant the following functions may be delegated to any committee or committees dealing with matters of finance, risk and audit.

The Purpose of the Finance, Risk and audit Committee is to:

1. FINANCE

- 1.1 Ensure that the Trust Board is kept informed of all major financial issues concerning the Trust and its Academies, the overall Trust budget and those of the individual Academies, the management of funds against the budget, the benchmarking of financial performance and the heads of expenditure, the way funds are utilised (including value for money) and the way monies are secured.
- 1.2 To recommend the annual budget for the Trust and the Academies to the Trust Board for approval.
- 1.3 Receive reports from the Headteachers regarding the Trust's/Academies' finances. This will include reports on the monitoring of income against expenditure and proposals to revise forecasts for the year. The committee will work with the Trust and the Headteachers to make any recommendations to the Trust Board.
- 1.4 Monitor the production, timeliness and accuracy of key financial statements in response to both statutory and local requirements.
- 1.5 Support (recommending and advising) the Trust Board in developing and then implementing a reserves policy and to consider the impact of strain in individual Academy budgets.
- 1.6 Support (recommending and advising) the Trust Board in developing and then implementing the Financial Regulations Manual and associated procurement policy.
- 1.7 Review tenders for major contracts as specified in the Financial Regulations Manual. To approve or reject tender proposals or, where required, make recommendations to the Trust Board.
- 1.8 Recommend any changes in the Financial Regulations Manual, where significant, to the Trust Board. To review the operations of the Trust and the Academies in relation to the procedures shown in the Financial Regulations Manual. To work with the Headteachers to resolve breaches and to improve procedures as appropriate.
- 1.9 Monitor key financial and accounting systems and reviewing any audits of these or the general finances of the Trust and make recommendations to the Trust Board.

2. AUDIT AND RISK

- 2.1 Advise and report to the Trustees in relation any organisational risks which might impede the development and implementation of a long-term strategy for the success of the Trust. The Trustees shall consider any such advice given by the Audit Committee.
- 2.2 Support the Trustees in developing an organisational structure which reflects the Trust's values and enables the management systems, structures, and processes to work effectively in line with legal requirements and to ensure sound financial management.
- 2.3 Support the Trustees in the formulation of financial and risk management policies for the Trust and the Academies for achieving the aims and objectives set out in the Trust's Development Plan or long-term strategic vision.
- 2.4 Advise the Trustees on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money).
- 2.5 Regularly review the statement on internal control and make appropriate recommendation to the Trustees.
- 2.6 Support (and challenge when necessary) the Trustees and in particular the Chief Executive Officer (being the Trust's "accounting officer") to ensure he or she satisfies his or her duty as accounting officer to:
 - 2.6.1 Ensuring value for money;
 - 2.6.2 Ensuring regularity and propriety;
 - 2.6.3 Ensuring prudent and economical administration;
 - 2.6.4 Avoiding waste and extravagance;
 - 2.6.5 Ensuring the efficient and effective use of resources;
 - 2.6.6 Keeping proper accounts
- 2.7 Establish and implement a system of financial and risk reporting by the Academies to the Trustees and to oversee that reporting to ensure that such a system complies with the Trust's legal obligations.
- 2.8 Review any financial and risk report submitted by the Academies and advising the Trustees on any issues arising from it as well as making recommendations for future reports to sustain the integrity of the financial and risk management systems.
- 2.9 Review any estates management risks, including health and safety, as well as effective and efficient use of funding, to ensure that buildings are safe, well-maintained, and operational.
- 2.10 Advise on the formulation and implementation of an estate's investment strategy, including reviewing the school's condition surveys.
- 2.11 Advise on the formulation and implementation of a policy for the approval and signing of contracts, ensuring all contracts to be entered into by the Academy are appropriate, have been authorised (or are within delegated authority) and do not expose the Academy to undue risk.
- 2.12 Advise the Trustees on the appointment, reappointment, dismissal, and remuneration of auditors (both external auditors and internal audit).
- 2.13 Monitor the effectiveness of auditors, including the use of auditor performance indicators.
- 2.14 Ensure effective coordination between auditors ensuring that a consistent method of audit is adopted across all Academies.

- 2.15 Ensure that additional services undertaken by auditors are compatible with the audit independence and objectivity.
- 2.16 Agree the work programme of internal audit including the checking of financial controls, systems, transactions and risks.
- 2.17 Consider the reports of the auditors and, when appropriate, advise the Trustees and the Academies of material control issues.
- 2.18 Monitor the implementation of agreed audit recommendations.
- 2.19 Advise on policies for the securing of the funds and assets of the Trust including by the prevention of loss through fraud and irregularity.
- 2.20 Ensure that all allegations of fraud and irregularity are appropriately investigated, and control weaknesses addressed, working with the Trustees and the Headteachers of the Academies, as appropriate.
- 2.21 Recommend the annual financial statements to the Trustees for approval.

3. AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

3.1 Responsibilities

- 3.1.1 to oversee the financial integrity, risk management, and audit processes of the school, including the strategic management of the school's estate.
- 3.1.2 to report findings termly and annually to the Trust Board and the Accounting Officer as a critical element of the trust's annual reporting requirements.

3.2 Authority

- 3.2.1 the Audit and Risk Committee is a Committee of the Academy Trust Board and is authorised to investigate any activity within its terms of reference or specifically delegated to it by the Board.
- 3.2.2 the Audit and Risk Committee is authorised to request any information it requires from any employee, external audit, internal audit, or other assurance provider.
- 3.2.3 obtain outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer and/or the Trust Board.

3.3 Composition

- 3.3.1 the membership of the committee will comprise a minimum of 3 trustees.
- 3.3.2 employees of the trust should not be audit and risk committee members, but the accounting officer and chief financial officer should attend to provide information and participate in discussions.
- 3.3.3 the chair of trustees should not be chair of the audit and risk committee.
- 3.3.4 where the audit and risk committee is combined with another committee, employees should not participate as members when audit matters are discussed.
- 3.3.5 until otherwise determined by the board of trustees, a quorum shall consist of 2 members of the committee.

- 3.3.6 at least one member of the audit and risk committee should have recent or relevant accountancy, or audit assurance, experience.
- 3.3.7 any trustee may attend a meeting of the audit and risk committee, including those who are not members of the audit and risk committee.

3.4 Reporting

- 3.4.1 The Audit and Risk Committee will report back to the Trust Board regularly every term
- 3.4.2 provide an annual summary report provided by the internal scrutineer / auditor and areas reviewed by internal scrutiny / audit covering key findings, recommendations, and conclusions

3.5 Coverage

- 3.5.1 The Audit and Risk Committee will advise the board on the effectiveness and resources of the external/internal auditors or scrutineers to provide a basis for their reappointment, dismissal, retendering, or remuneration.
- 3.5.2 Considerations may include:
 - the auditor's/scrutineer's sector expertise
 - their understanding of the trust and its activities
 - whether the audit process allows issues to be raised on a timely basis at the appropriate level
 - the quality of auditor/scrutineer comments and recommendations in relation to key areas
 - where relevant the personal authority, knowledge and integrity of audit partners and their staff to interact effectively with, and robustly challenge, the trust's managers
 - the auditor's/scrutineer's use of technology
 - ensure there is co-ordination between internal audit/scrutiny and external audit and any other review bodies that are relevant
 - consider the reports of the auditors/scrutineers and, when appropriate, advise the Trust Board of material control issues.
 - encourage a culture within the trust whereby each individual feels that he or she has a part to play in guarding the probity of the Trust, and is able to take any concerns or worries to an appropriate member of the management team or in exceptional circumstances directly to the Board of Trustees
 - provide minutes of all Audit and Risk Committee meetings for review at board meetings

3.6 External Audit

- 3.6.1 review the external auditor's plan each year
- 3.6.2 review the annual report and accounts

- 3.6.3 review the auditor's findings and actions taken by the trust's SLT in response to those findings
- 3.6.4 produce an annual report of the committee's conclusions to advise the board of trustees and members.

3.7 Internal Scrutiny

- 3.7.1 take delegated responsibility on behalf of the board of trustees for examining
- 3.7.2 reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management
- 3.7.3 ensuring the Trust is complying with the overall requirements for internal scrutiny, as specified in the Academies Financial Handbook.
- 3.7.4 conduct a regular review of the risk register
- 3.7.5 agree an annual programme of internal scrutiny / audit, which is objective and independent, covering systems, controls, transactions, and risks.
- 3.7.6 advise the trustees on the adequacy and effectiveness of the trust's systems of internal control, governance, and risk management processes,
- 3.7.7 consider the appropriateness of executive action following internal audit/internal scrutiny reviews and to advise the board on any additional or alternative steps to be taken
- 3.7.8 oversee the annual review of the trust's risk register

3.8 Estates Management

- 3.8.1 ensure that the estates management budget is effectively planned and monitored to support the school's strategic objectives.
- 3.8.2 ensure compliance with all relevant health, safety, and environmental regulations.
- 3.8.3 identify, assess, and mitigate risks associated with the school estate, including emergency preparedness and response.
- 3.8.4 promote sustainable practices and energy efficiency within the management of the estate.
- 3.8.5 receive and review regular reports on estates management issues, and financial implications.

4. PROCEEDINGS OF COMMITTEE MEETINGS:

- The Chair and CFO is responsible for circulating the agenda and minutes of meetings in liaison with and via the Trust Clerk;
- Agendas and accompanying material should be available seven days in advance of meetings; minutes should be available to the Trust Board within fourteen days of the meeting.
- A formal report should be made to the Full Trust Board at least once per term;
- 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 in accordance with the AFH;
- Approval of policies and document may, at times, be required outside of committee meetings. In such circumstances Trustee 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 Trustees via e-mail through the Clerk.

Approved by Chair of Committee (Print Name)	Andrew Row
Date	2 October 2024
Next Review Date	September 2025