

# Finance Committee

## Terms of Reference

### Annual Review

Reviewed By	Approved By	Approved	Version	Review Date
P Oldfield	P Oldfield	8 <sup>th</sup> July 2020	V2.0	July 2021
Martyn Jones	Martyn Jones	14 <sup>th</sup> December 2020	V2.1	July 2021
Trust Board	Trust Board	10 <sup>th</sup> March 2021	V2.2	July 2021
Trust Board	Trust Board	14 <sup>th</sup> July 2021	V3.0	July 2022
Trust Board	Trust Board	13 <sup>th</sup> July 2022	V4.0	July 2023

## Version Control

Number	Date	Detail
2.0	July 2020	New Format
2.1	Dec 2020	Adjustment to: Scope of board – policies; appendix A, correlating with adjustments to scheme of delegation.
2.2	March 2021	Appendix A, correlating with adjustments to scheme of delegation.
3.0	July 2021	Annual review <ul style="list-style-type: none"><li>- Membership section: link governance added</li><li>- Relationship with the Board of Trustees and other committees: wording additional for local governing body assurance visits</li><li>- Appendix A, correlating with adjustments to scheme of delegation.</li></ul>
4.0	July 2022	Annual review: <ul style="list-style-type: none"><li>• Update to strategic functions to reflect code of conduct</li><li>• Adjustment to Scope of board – policies</li></ul>

## Introduction

*The Governance Handbook issued by the Department for Education states:*

*All boards, no matter what type of schools or how many schools they govern, have three core functions:*

- 1. Ensuring clarity of vision, ethos and strategic direction;*
- 2. Holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff; and*
- 3. Overseeing the financial performance of the organisation and making sure its money is well spent.*

In addition to the above is:

- 4. Ensuring that other key players with a stake in the organisation get their voices heard*

The purpose of this committee is to ensure that the detailed work of the third of these three core functions is carried out effectively by the trust. It does this on behalf of the Board of Trustees and must report back key findings so that the Board of Trustees can carry out its duties effectively.

Further guidance on this area can be found in the [Governance handbook](#) issued by the DfE and also the [Competency framework for governance](#).

## Membership

Members of this committee will be appointed by the Board of Trustees and should comprise of as a minimum:

- 3 Trustees (Chair to be elected)
- Independent Members as co-opted (no minimum requirement)

Attendees of this committee would normally be as a minimum:

- Chief Financial Officer

The committee may make recommendations to the Board of Trustees for co-option of non-Trustee members.

The Finance Committee must allocate, from within their membership, link Trustee roles as guided by the link governance structure for the Mast Academy Trust, specifically for:

Financial health and efficiency

Financial frameworks – procurement

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The committee may invite staff colleagues to be in attendance at meetings where they will add benefit/contribution to discussions and the agenda.

## Quorum

The quorum for a meeting of the Finance Committee shall be 2 Trustees.

## Meetings

The committee will meet at least once a term and otherwise as required.

The committee will receive reports from the trust and its schools in sufficient detail to enable it to undertake its strategic responsibilities for planning, review and evaluation. Whenever possible, reports will be shared in common across the schools.

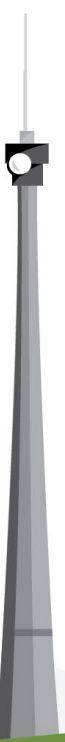
Meetings will be minuted by a clerk and proposals will be put to the main Board of Trustees for approval so that trustees have the necessary oversight to ensure effective governance.

## Terms of Reference

To provide support and challenge to the leadership of the Executive Officers in the trust responsible for financial performance and to hold them to account in relation to all aspects of financial management, including:

- financial oversight
- financial review
- planning and reporting
- management of public money
- delivering good value for money.

This will have a particular focus on the requirements of The Mast Academy Trust with



regard to its agreed scheme of delegation and the requirements of the [Academy Trust Handbook](#).

These Terms of Reference aim:

- To support the Board of Trustees in fulfilling statutory duties.
- To support the strategic role of the Trustee body.
- To provide a framework for effective self-evaluation, reviewing, support and challenge by linking the work of committees to key priorities in the Trust's strategic plan.

## Scope of Committee – Scheme of Delegation

The Finance Committee refers to scheme of delegation for the terms of reference relating to their function and activities:

- Finance

Refer to Appendix A for specific details.

The trustees may choose, from time to time and within the boundaries of the ESFA guidance and scheme of financial delegation, to provide focus on particular elements of these Terms of Reference or ask for additional work to be carried out in order to ensure financial oversight and are governed most effectively.

## Scope of Committee – Policies

The Finance Committee will review and provide approval and ratification for the below policies, which will be noted at the Trust Board:

- The Mast Academy Trust Charging and Remissions Policy
- The Mast Academy Trust Financial Regulations Policy
- The Mast Academy Trust Capital & Revenue Reserves Policy
- The Mast Academy Trust Investment Policy
- The Mast Academy Trust Bad Debt/Write Off Policy
- The Mast Academy Trust Expenses Policy
- The Mast Academy Trust Procurement Policy
- The Mast Anti Fraud and Corruption Policy

- The Mast Academy Trust LGPS discretions Policy

## Relationship with other Committees

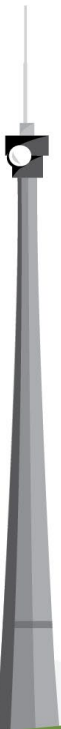
This Committee should have strong links both with the Board of Trustees and the Audit and Risk Committee. It is therefore recommended that at least one trustee should be a member of the other committees mentioned to ensure joined up decision making and thinking. In the case of the Audit and Risk Committee it should be ensured that the independence of this committee is not prejudiced by these links.

The Finance Committee must receive the reports of the Audit and Risk Committee (covering internal and external audit matters) on the effectiveness of the financial and business procedures, controls and risk, and arrange for any actions required to be taken in timely manner.

The Finance Committee must receive assurance reports from the Local Governing Body which relate to their area for governance.

## Terms of Reference review

These Terms of Reference should be reviewed on an annual basis as a minimum. Executive Officers will be expected to keep up to date with statutory and other changes on an ongoing basis in order to ensure trustees are kept well informed of such changes and their impact on these Terms of Reference.



## APPENDIX A: Scheme of Delegation for the Finance Committee

The roles of the key stakeholders and their responsibilities to the Finance Committee as identified by the Scheme of Delegation.

<b>CEO</b>
Accountable
Finance
Act as Accounting Officer for the Trust.
Consulted
Finance
Receive reports from the Finance Director.
Responsible
Finance
Monitor statutory compliance and the financial performance of the schools.
Approve spend/order business case for spend/orders greater than £20k at a first school and £40k at a Middle School and up to £75k for the Trust overall
<b>CEO / CFO</b>
Responsible
Finance
Approve CIF contributions greater than £10k or 20% (whichever is lower) up to £20K at a first school and £40k at a middle school
Must obtain 3 quotes, and demonstrate evidence on best value for money, for all orders greater than £5k and less than £40k for procurement by the Trust collaborative team
<b>Executive Team</b>
Responsible
Finance
Acts on behalf of the Trust to enable them to discharge their duties in relation to statutory compliance and the financial performance of schools.
Ensure the entry on the Register of Data Controllers is up to date and accurate.
Through the finance department; provide professional services for accounting, financial planning, and financial systems across the whole Trust.
Consolidate the capital plan <sup>2</sup>
Obtain a quote or price confirmation in advance of orders for items between £1k and £5k for procurement in the Trust
Full tender process for spend/orders greater than £40k and less than the OJEU limit (subject to relevant approval limits)
<b>Governing Body</b>
Consulted
Finance
On CIF bid of contributions up to £10K or 20% of surplus budget (whichever is lower)
Informed
Finance
Advised of CIF contribution approval for above £10K or 20% (whichever is lower)
Internal financial audit outcomes for the school
<b>Headteacher</b>
Responsible

<b>Finance</b>
Ensure the school cooperates with internal and external audit and implements action plans swiftly.
Together with the finance department; prepare the budget for approval by the Executive Team and is responsible for controlling costs and for ensuring the budget commitments are met.
Approve CIF contributions up to £10K or 20% of surplus budget (whichever is lower)
Must obtain a quote or price confirmation in advance of spend/orders for items between £1k and £5k
Must obtain 3 quotes, and demonstrate evidence on best value for money, for spend/orders greater than £5k and less than £40k (subject to approval limits of £40k for a Middle School and £20k for a First School)
Obtaining a quote in advance is best practice for spend/orders less than £1k
Approve spend/order business case for spend/orders up to £20k at a first school and £40k at a Middle School
<b>Trust Board</b>
<b>Accountable</b>
<b>Finance</b>
Annually appoint auditors and ensure robust internal and external audit processes
Develop the overall strategic vision for the finances of the Trust as a whole and of the schools.
Formally approve the overall budget and delegates budgets to individual schools in the summer term; advises the Board with respect to financial priorities in light of strategic plan.
Set the financial parameters within which the school budgets are created.
Is legally accountable for the Trust's assets and accounts.
<b>Informed</b>
<b>Finance</b>
Receive summary management accounts from the Finance team in order to ensure the Board is fully aware of the Trust's and individual school's financial performance.
<b>Responsible</b>
<b>Finance</b>
Develop the overall strategic plan for capital expenditure taking into account the individual school strategic plans.
Review and recommend capital plan
Approve CIF contributions greater than £20k at a first school and £40k at a middle school
Approve spend/order business case for orders between £75K and the OJEU limits
<b>CEO/CFO</b>
<b>Responsible</b>
<b>Finance</b>
Obtaining a quote in advance is best practice for spend/orders less than £1k by the Trust collaborative team
Must obtain a quote or price confirmation in advance of spend/orders for items between £1k and £5k by the Trust collaborative team