

Finance Committee

Terms of Reference

Annual Review

| Reviewed By | Approved By | Approved | Version | Review Date |
|--------------|--------------|--------------------------------|---------|-------------|
| P Oldfield | P Oldfield | 8 th July 2020 | V2.0 | July 2021 |
| Martyn Jones | Martyn Jones | 14 th December 2020 | V3.0 | July 2021 |
| | | | | |
| | | | | |
| | | | | |

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. |

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.*

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 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 [Academies Financial 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

Relationship with other Committees

This Committee should have strong links both with the Board of Trustees and the Audit 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 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 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.

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.

| |
|--|
| CEO |
| 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. |
| Obtain 3 quotes for all orders greater than £5k and less than £10k for procurement in the Trust |
| CEO / CFO |
| Responsible |
| Finance |
| Obtain 3 quotes and submit a business case for orders greater than £20k at a first school and £40k at a Middle School and up to £75k for the Trust |
| Obtain 3 quotes and submit a business case for orders greater than £10k and less than £75k for procurement in the Trust |
| Executive Team |
| 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 ² |
| Obtain a quote or price confirmation in advance of orders for items between £1k and £5k for procurement in the Trust |
| Governing Body |
| Informed |
| Finance |
| Internal audit outcomes for the school |
| Headteacher |
| Responsible |
| Finance |
| Ensure the school cooperates with internal and external audit and implements action plans swiftly. |
| Obtain 3 quotes and submit a business case for orders greater than £10k and less than £40k for a Middle School and £20k for a First School |

| |
|--|
| 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. |
| Obtain a quote or price confirmation in advance of orders for items between £1k and £5k |
| Obtain 3 quotes for all orders greater than £5k and less than £10k |
| Trust Board |
| Accountable |
| Finance |
| 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. |
| Informed |
| Finance |
| 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. |
| Responsible |
| Finance |
| Develop the overall strategic plan for capital expenditure taking into account the individual school strategic plans. |
| Review and recommend capital plan |
| Full tender exercise inviting suppliers to bid on specified criteria for orders greater than £75k for the Trust and up to OJEU limits |

