

Inclusion is at the
heart of our trust



Finance, Risk and Audit Committee Terms of Reference



Introduction

Under the Academies Handbook, academy trusts are required to establish an audit committee, appointed by the board of trustees. Trusts with an annual income over £50 million must have a dedicated audit committee, while other trusts must either have a dedicated committee or can combine it with another committee.

The finance, risk and audit committee must advise on the adequacy of financial and other controls and risk management arrangements in the trust, and it must also direct a programme of internal scrutiny and consider the results and quality of any external audit.

1. Membership and Quorum

- 1.1 The finance, risk and audit committee will be appointed by the board of trustees. Whilst there is no statutory guidance about the number of required committee members, the minimum number will be three, to ensure there are enough members to hold a majority when voting.
- 1.2 Employees of the trust are not permitted to be members of the finance, risk and audit committee; however, the accounting officer, chief financial officer and chief operating officer should attend committee meetings to provide information and participate in discussions.
- 1.3 The chair of the board of trustees is unable to be the chair of the finance, trust and audit committee.
- 1.4 Individuals with the requisite knowledge and skills to effectively engage with and challenge the trust will be appointed to the committee. Only full members of the committee who have been approved by the board of trustees have the right to vote on any matters. The committee may decide to appoint non-voting members, as approved by the board of trustees, who are able to advise the committee.
- 1.5 The quorum of the committee will be one half of the numbers of the committee rounded up to the nearest full number, e.g. if the committee comprises five members, then a minimum of three members must attend the meeting in order to meet the quorum.

2. Term of Office

- 2.1 The committee will be appointed annually by the board of trustees and shall hold office from either the date of their appointment until their resignation,

or their omission from membership of the committee on subsequent consideration by the board of Trustees – whichever occurs first.

3. Meetings

- 3.1 The committee will meet as often as is necessary to fulfil its responsibilities, but at least three times per year.
- 3.2 The chair of the committee or any three committee members may, by giving notice in writing to the clerk, call unscheduled meetings as long as appropriate notice of at least seven days is given to other members of the committee. A shorter notice may be given where the chair of the committee decides a particular matter requires addressing immediately.
- 3.3 The frequency and dates for committee meetings will be considered before the first Autumn term of the academic year.
- 3.4 The clerk to the committee will circulate an agenda, copies of minutes of the previous committee meeting, and any papers to be considered, no fewer than five working days prior to the meeting.
- 3.5 Members will withdraw from the meeting if there is an identified or potential conflict of interest, or there is a motion to question their ability to remain impartial.
- 3.6 The clerk will take minutes of the meeting. This will be approved, by the chair of the committee, as accurate representations of the meeting before they are handed to committee members for final approval at the next committee meeting. Following approval, the clerk will distribute the minutes to the board of Trustees.
- 3.7 Confidential minutes will only be shared with trustees who were present at the meeting where the confidential item was discussed.
- 3.8 The committee may invite non-members to meetings to assist or advise on a particular matter or issue. These additional attendees will not be entitled to vote on any matters.
- 3.9 Every matter to be decided upon will be determined by a majority vote – where there is an equal division of votes, the chair will have the deciding vote. Each member of the committee who is present at the meeting will be entitled to one vote.

3.10 A register of attendance shall be kept for each meeting and will be published on the trust's website on an annual basis.

4. Calendar of Business

4.1 The committee will meet at once per term. The items of business that may be discussed during the first meeting of each term are outlined below.

4.2 Autumn term

- Elect a chair of the committee.
- Confirm meeting dates, if these have not already been established, at the end of the previous academic year.
- Review the committee membership and plan to fill any vacancies.
- Review the annual updates to the Academies Handbook
- Agree a programme of work to deliver internal scrutiny that provides necessary coverage across the year, using the Trust's risk register to inform the programme.
- Review the internal and external audit plan for the forthcoming academic year.
- Review the Trust's budget forecast returns to ensure they are accurate and compliant with funding criteria.
- Comment on the annual report and accounts for the previous academic year prior to their finalisation and submission for audit.
- Advise on the content of the governance statement to be presented alongside the finalised accounts.
- Review the Trust's land and buildings collection tool (LBCT) to ensure it is compliant with funding criteria.
- Consider the internal scrutiny report and discuss the progress made against recommendations made regarding enhancing financial and other controls and risk management.

4.3 Spring term

- Discuss progress in addressing any recommendations made at the previous meeting or by third parties.
- Discuss the recommendations and outputs of any assurance activities by third parties, including ESFA financial management and governance reviews, funding audits and investigations.
- Discuss the implications of the result of the accounting officer's statement of regularity.

- Consider the internal scrutiny report and discuss the progress made against recommendations made regarding enhancing financial and other controls and risk management procedures.

4.4 **Summer term**

- Discuss progress in addressing any recommendations made at the previous meeting or by third parties.
- Discuss the recommendations and outputs of any assurance activities by third parties, including ESFA financial management and governance reviews, funding audits and investigations.
- Consider the internal scrutiny report and discuss the progress made against recommendations made regarding enhancing financial and other controls and risk management.
- Agree the committee's annual report to the board of Trustees and accounting officer.
- Re-visit findings from external auditors and review actions in response to audits.
- Review and challenge the internal and external audit strategy.
- Consider the committee's own effectiveness.

5. General Duties

- 5.1 To observe and comply with the Trust's Trustee code of conduct, at all times.
- 5.2 To appoint a professional clerk to advise and guide the committee on their duties and responsibilities, and to record minutes of all committee meetings.
- 5.3 To establish a terms of reference for the finance, risk and audit committee and review these on an annual basis.
- 5.4 To deal with all matters relating to auditing, internal scrutiny, finance and risk management that may be referred to by the board of Trustees.
- 5.5 To keep up to date with any relevant legislation and advise the board of Trustees when policies or procedures need to be revised.
- 5.6 To minute all meetings and report all decisions to the board of Trustees as a confidential item.
- 5.7 To seek professional advice as necessary.
- 5.8 To attend relevant training when appropriate.



5.9 To report to the board of Trustees on the proceedings, recommendations and decisions of the committee.

6. Duties in relation to Internal Scrutiny and External Audit

6.1 To direct the Trust's programme of internal scrutiny and ensure this is informed by risk.

6.2 To oversee internal scrutiny and deliver internal scrutiny in a way most appropriate to the Trust's circumstances, which could include employing an in-house internal auditor or buying-in internal audit services.

6.3 To advise the board of Trustees on the internal scrutiny programme of work.

6.4 To report findings from internal scrutiny activities to the board of Trustees.

6.5 To keep the approach to internal scrutiny under review.

6.6 To ensure the internal scrutiny approach the Trust uses is confirmed in the governance statement, which accompanies the annual accounts.

6.7 To ensure that the programme of internal scrutiny informs the accounting officer's statement of regularity in the annual accounts.

6.8 To ensure the Trust submits its annual summary report of the areas reviewed, key findings, recommendations and conclusions to the ESFA by 31 December each year when the audited annual accounts are submitted.

6.9 To ensure the ESFA is provided with any requested internal scrutiny reports.

6.10 To advise the board of Trustees on the appointment, re-appointment, dismissal and remuneration of, an internal auditor or other assurance provider.

6.11 To monitor the progress made against audit recommendations.

6.12 To advise the board of Trustees on the appointment, re-appointment, dismissal and remuneration of the external and regulatory auditor.

6.13 To receive reports (including the annual accounts and management letters) and consider any issues raised, the associated management response and action plans, and report necessary actions to the board of Trustees.

- 6.14 To review the external auditor's annual planning document and approve the planned audit approach.
- 6.15 To consider any additional services delivered by the external auditor or other assurance providers and ensure appropriate independence is maintained.
- 6.16 To consider the quality of external auditors and those carrying out internal scrutiny.

7. Duties in relation to Financial Management and Reporting

- 7.1 To make reports to the board of Trustees on the adequacy of the Trust's financial controls.
- 7.2 To advise the board of Trustees on accounting policies, the Trust's accounts, and the Trust's annual report, including the process for review of the accounts prior to submission for audit, and levels of error identified.
- 7.3 To review and advise on the development of anti-fraud policies, whistleblowing processes and arrangements for special investigations.
- 7.4 To review an overview of financial statements submitted by the Trust.

8. Duties in relation to Risk Management

- 8.1 To report to the board of Trustees on the adequacy of the Trust's risk management processes.
- 8.2 To advise on the strategic processes for risk, control and governance and the governance statement.
- 8.3 To advise on assurances relating to the management of risk and governance requirements for the Trust.

