

## St Chad's Finance, Risk and Audit Committee Terms of Reference

### Constitution

The Board of Trustees (the **Trust Board**) of St Chad's Academy Trust (the **Trust**) has established a sub-committee of the Trust Board to be known as the Finance, Risk and Audit Committee (the **Committee**). The Committee will report to the Trust Board.

### Aims and responsibilities

- (i) To maintain an oversight of the Trust's financial, governance, risk management and internal control systems
- (ii) 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
- (iii) To facilitate good communication between the Trust and its external and internal auditors
- (iv) To increase the credibility and objectivity of financial reporting
- (v) To strengthen the independence of the audit function and to improve the quality of the accounting and auditing functions
- (vi) To monitor risks at constituent academies and areas such as funding claims, pupil number returns
- (vii) To scrutinise financial control and budget management of the Trust
- (viii) To test the robustness of the Trust's management of risk
- (ix) To have specific responsibility for data protection

### Membership

- (i) The Committee will be appointed by the Trust Board and, including the CEO of the Trust, will comprise no more than five and no fewer than three members. A majority of the Committee will be Trustees; the CEO will not participate as a Committee Member when audit matters are discussed as stated within the Academies Trust Handbook
- (ii) The Trust Board will appoint one of the members of the Committee as its chair (the

**Chair**); the Chair of the Committee will not be the Chair of the Board

- (iii) The Accounting Officer and Chief Financial Officer should attend to provide information and participate in discussions
- (iv) Other executive leaders may attend the committee meeting to provide information on a specific area of expertise
- (v) The committee may appoint an associate member who has an area of expertise which is required in an advisory capacity
- (vi) A Governance Professional to the Committee will be appointed

### **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. On an equality of vote the Chair will have a casting vote.

### **Meetings**

- (i) The Committee shall meet termly on such dates as shall be determined by the Committee and at such other time as the Governance Professional shall specify at the request of any member of the Committee
- (ii) Meetings can be requested by the external or internal auditors if they consider one necessary
- (iii) Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda and papers shall be sent to each member of the Committee and any other person invited or required to attend no fewer than seven clear days prior to the date of the meeting

### **Authority**

- (i) The Committee is authorised by the Trust Board to investigate any activity within its terms of reference or specifically delegated to it by the Board;
- (ii) 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;
- (iii) It is authorised to request any information it requires from external audit, internal audit, or other assurance provider;
- (iv) The Committee is authorised by the Trust Board to obtain independent legal or

other independent professional advice (normally in consultation with the Accounting Officer and/or the Trust Board) and to secure the attendance of any person at any Committee meeting with relevant experience and expertise if it is considered necessary.

## **Duties:**

### **Coverage**

- (i) To ensure there is co-ordination between internal audit/scrutiny and external audit and any other review bodies that are relevant
- (ii) To consider the reports of the auditors/scrutineers and, when appropriate, advise the Trust Board of material control issues
- (iii) Encourage a culture within the Trust whereby each individual feels that they have a part to play in guarding the probity of the Trust, and can highlight any concerns to the Trust's executive leaders or other management or by following the Trust's Whistleblowing Policy
- (iv) To provide minutes of all Finance, Audit and Risk Committee meetings for review by Trustees
- (v) To approve spend in line with the delegated authority as set out in the Trust's Financial Regulations.
- (vi) To review central finance and risk management policies developed prior to being presented to the Trust Board.

### **Financial Scrutiny**

- (i) To receive and scrutinise the management accounts
- (ii) To receive and scrutinise academy budgets and capital investment prior to approval by the Trust Board making appropriate recommendations
- (iii) To review the effectiveness of financial and other internal control systems, policies and procedures
- (iv) To ensure that all significant losses have been properly investigated and that the internal and external auditors and where appropriate the relevant authorities have been informed
- (v) To oversee the Trust's policy on fraud and irregularity, including being notified of any action taken under that policy
- (vi) To review and consider the Trust's reserves policy and financial strategy,

policies and procedures or plans required to realise such a strategy, including overseeing significant investment and capital financing decisions

- (vii) To review the Trust's indicative funding, once notified by the ESFA and to assess its implications in advance of the financial year, drawing matters of significance to the Trust Board

#### **External Audit** (CEO to act as an Officer to the Committee)

- (i) To make recommendations to the Trust Board and Members on the effectiveness and resources of the External Auditor, the audit fee and, if necessary, their reappointment, retendering, resignation, or dismissal
- (ii) To review the external auditor's plan each year
- (iii) To review and consider the annual report and financial statements (accounts)
- (iv) To review the auditor's findings and actions taken by the Trust's executive leaders in response to those findings
- (v) To produce an annual report of the Committee's conclusions to advise the Trust Board and Members

#### **Internal Audit** (CEO to act as an Officer to the Committee)

- (i) To advise on the effectiveness and resources of the Internal Auditor and, if necessary, on their reappointment, retendering, resignation or dismissal
- (ii) To take delegated responsibility on behalf of the Trust Board for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the Trust is complying with the overall requirements for internal scrutiny, as specified in the Academies Trust Handbook
- (iii) To conduct a regular review and oversee the annual review of the Trust's Risk Register
- (iv) To agree an annual programme of internal scrutiny / audit, which is objective and independent which covers systems, controls, transactions, and risks.
- (v) To advise the Trust Board on the adequacy and effectiveness of the Trust's systems of internal control, governance, and risk management processes
- (vi) To consider the appropriateness of the executive leader's action following internal audit/internal scrutiny reviews and to advise the Trust Board on any additional or alternative steps to be taken

- (vii) To receive and consider the final report of each internal audit assignment, activity or investigation undertaken on behalf of the Trust by the Internal Auditor
- (viii) To review the work of the Internal Auditor in conjunction with the receipt of an annual report prepared by the Internal Auditor, the report to include an opinion on the degree of assurance that can be taken from the system of control
- (ix) To consider any other internal audit matters not specifically covered above

**Reports of an audit nature** (CEO to act as an Officer to the Committee)

- (i) To receive and consider any reports of an audit nature prepared by OFSTED, Regulators and similar bodies.

**Risk Management**

To advise the Board on Risk Management by:

- (i) Ensuring familiarisation with the concept and requirements of risk management
- (ii) Acting as a catalyst for risk management activity across the Trust
- (iii) Ensuring appropriate audit work on risk management is performed
- (iv) Collecting information on risks and risk management
- (v) Considering the Due Diligence documentation of schools joining the Trust, making recommendations to the Trust Board as appropriate.
- (vi) Reviewing data protection compliance through review of practice, policy and procedure and monitoring of the breach log.

**Annual Report** (CEO to act as a Officer to the Committee);

The Committee will;

- (i) Report to the Trust Board every term;
- (ii) Provide an annual summary report provided by the internal auditor and areas reviewed by internal scrutiny / audit covering key findings, recommendations, and conclusions

**Estates** (CEO to act as an Officer to the Committee due to position on Estates Group)

- (i) To receive, review and scrutinise reports and/or and the minutes from the Estates

### Working Group

- (ii) To monitor the impact and scrutinise the utilisation of the Trust's capital funding as managed by the Estates Working Group
- (iii) To assure compliance with the terms and conditions of the grant and the regulations for capital funding as set out in the Academies Trust Handbook

### **Procurement**

- (i) To receive recommendations from the Procurement Working Group and to give approvals where appropriate
- (ii) To consider and advise on Trust procurement
- (iii) To consider and review opportunities for trust-wide procurement
- (i) To advise the Trust Board on the procurement and benchmarking of services to the Academies

### **Value for Money**

To satisfy itself that adequate arrangements are in place to secure value for money.

### **Economy, Efficiency and Effectiveness**

To assure itself satisfactory arrangements are in place to promote economy, efficiency and effectiveness.