



The de Ferrers Trust

Terms of Reference

Finance, Audit and Risk Committee

<u>Adopted by the trust board:</u>	11.09.2018
<u>Signed by the chair of the trust board:</u>	<u>E. Haughton.</u>

1 Constitution

- 1.1 The trust board (the **trustees**) of The de Ferrers Trust (the **trust Board**) hereby resolves to establish a sub-committee to be known as the Finance, Audit and Risk Committee (the **committee**).
- 1.2 The trustees recognise the overriding principles of the Academies Financial Handbook (the **AFH**) and that the finance, audit and risk committee should be established in such a way as to achieve internal scrutiny which delivers objective and independent assurance for the Trust over the suitability of, and compliance with, its financial systems and operational controls. In establishing the committee the trustees will adhere to the principles of the AFH and:
 - 1.2.1 staff employed by the trust will not be members of the committee, but may attend meetings to provide information and participate in discussions;
 - 1.2.2 the Accounting Officer and the Chief Finance Officer will routinely attend committee meetings.

2 Membership

- 2.1 The committee shall have a minimum of three and a maximum of five members. A majority of committee members must be trustees of the Trust Board and the trustees will ensure committee members have the necessary skills, background and experience to properly fulfil the committee functions.

- 2.2 Subject to paragraph 2.3, the trust board shall at the first meeting of each academic year elect a trustee to act as chair of the committee (the **chair**). The committee will elect a temporary replacement from among the members present at the meeting in the absence of the chair.
- 2.3 No person may act as chair unless they are also a member of the trust board.
- 2.4 The Director of Governance and Compliance shall ensure that a clerk is provided to take minutes at meetings of the committee.
- 2.5 The committee may invite attendance at meetings from persons who are not trustees or committee members to assist or advise on a particular matter or range of issues. Such persons may speak with the permission of the chair but shall not be entitled to vote.
- 2.6 Only trustees assigned to the committee and members of the committee will be entitled to vote.

3 Remit and Responsibilities of the Committee

- 3.1 The committee shall be responsible for the matters set out in Annex 1. This should be read in line with the trust's scheme of delegation.

4 Proceedings of Committee Meetings

- 4.1 The committee will meet as often as is necessary to fulfil its responsibilities but at least three times a year.
- 4.2 Any two committee members can request that the chair convene a meeting by giving no less than 14 days prior notice.
- 4.3 The quorum for the transaction of the business of the committee shall be a majority of the committee members and no vote on any matter shall be taken at a meeting of the committee unless the majority of members of the committee present are trustees.
- 4.4 Every matter to be decided at a meeting of the committee must be determined by a majority of the votes of the members present and voting on the matter.
- 4.5 Each member present in person shall be entitled to one vote.
- 4.6 Where there is an equal division of votes the chair shall have a casting vote.
- 4.7 A register of attendance shall be kept for each committee meeting and published annually.

5 Authority

- 5.1 The committee is authorised by the trust board to:

- 5.1.1 carry on any activity authorised by these terms of reference and the scheme of delegation; and
 - 5.1.2 seek any appropriate information that it requires from any officer of the trust and all officers shall be directed to co-operate with any request made.
- 5.2 Any decisions taken by the committee will be decisions deemed to have been taken by the trust board, unless it is only a recommendation for the trust board to consider and ratify.
- 5.3 The committee is authorised to obtain any outside legal or independent professional advice it considers necessary.

6 Reporting Procedures

- 6.1 Minutes of the meeting will be produced and approved at the next meeting of the committee.
- 6.2 Copies of the minutes will be made available to the trust board upon approval.
- 6.3 The chair of the committee shall provide a verbal report to the trustees at the meeting of the trust board that immediately follows the committee meeting, outlining any key recommendations, concerns or decisions that were made during the last committee meeting.
- 6.4 If the chair of the committee is absent from the meeting of the trust board that immediately follows the committee meeting, then another committee member will provide a verbal report as outlined in 6.3.
- 6.5 The committee shall arrange for the production and delivery of such other reports or updates as requested by the trust board from time to time.

Annex 1

Responsibilities of the Finance, Audit and Risk Committee

External Audit

- To oversee the process for selecting the external auditor and make appropriate recommendations through the Trust Board to the members of the Trust to consider at any general meeting where the accounts are laid before members.
- To consider the appointment of the external auditor and assess independence of the external auditor, ensuring that key audit personnel are rotated at appropriate intervals.
- To discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor receives the fullest co-operation
- To review the external auditor's annual management letter and all other reports and recommendations, together with the appropriateness of management's response.
- To recommend the audit fees to the Trust Board and pre-approve any fees in excess of £5,000 in respect of non-audit services provided by the external auditor and to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity.
- To review the performance of the external auditor on an annual basis.
- To review and consider the circumstances surrounding any resignation or dismissal of the external auditor.

Programme of Internal Audit

- To review the Programme of Internal Audit and ensure that the audit function is adequately resourced and has appropriate standing within the Trust.
- To review the reports and recommendations of the internal audit, together with the appropriateness of management's response.
- To monitor the implementation of action agreed by management in response to reports from the external and internal auditor.

Financial Management, Risk & Policies

- To receive a draft trust-wide budget and make recommendations to the trust board for its approval.

- To monitor the income and expenditure throughout the year against the budget, receiving budget monitoring reports from the Chief Finance Officer.
- Alert the trust board of potential problems or significant anomalies at an early date.
- To keep under review the Trust's financial management and reporting arrangements, providing constructive challenge (where necessary) to the actions and judgements of management in relation to the interim management and financial accounts, statements and reports and the annual accounts and financial statements, prior to submission to the Trust Board, paying particular attention to:
 - critical accounting policies and practices, and any changes in them
 - decisions requiring a major element of judgement
 - the extent to which the financial statements are affected by any unusual or complex transactions in the year and how they are disclosed
 - the clarity and transparency of disclosures
 - significant adjustments resulting from the audit
 - the going concern assumption
 - compliance with accounting standards
 - compliance with DfE and legal requirements.
- To review, adopt and monitor a Finance Policy.
- To establish and maintain (with the support of the Chief Finance Officer) a three year financial plan, taking into account the priorities of the trust, roll projection and signals from central government and (if applicable) the LA regarding future years' budgets, with the constraints of available information.
- Ensure robustness of benchmarking to secure trust wide value for money.
- Review and approve trust wide procurement strategies and efficiency savings programme
- To make decisions in respect of service level agreements in line with the written scheme of delegation.
- To ensure that sufficient funds are set aside for pay increments as set out in the Pay Policy and as recommended by the Chief Executive and standards committee.
- To liaise with the standards committee on relative funding priorities necessary to deliver the curriculum.
- To review financial due diligence information for new schools joining the trust to assist the work of the trust board, timescales permitting.

- To review the effectiveness of the Trust's policy and procedures for handling allegations from whistleblowers.
- To review the effectiveness of the Trust's policies and procedures for handling allegations of fraud, bribery and corruption.
- To receive reports on the outcome of investigations of suspected or alleged impropriety.
- To review the adequacy of policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements.
- To ensure that any significant losses are investigated and reported to the DfE where required.
- To review the effectiveness of the Trust's risk management policy, strategy, processes and procedures for the identification, assessment, evaluation, management and reporting of risks.
- To review the adequacy and robustness of risk registers.
- To keep under review the adequacy and effectiveness of the Trust's governance, risk management and internal control arrangements, as well as its arrangements for securing value for money, through reports and assurances received from management, the external and internal auditor and any other relevant independent assurances or reports (eg from the National Audit Office).
- To review all risk and control related disclosure statements, in particular the Trust's annual "Statement on Internal Control", together with any associated reports and opinions from management, the external and internal auditor, prior to endorsement by the Trust Board.
- To review any recommendations made by the Secretary of State for Education for improving the financial management of the Academies.

Health and Safety and Estate Management

- To have a strategic overview of all matters relating to Health and Safety.
- To receive an annual Health and Safety report from the Estates Manager and advise as necessary.

General

- To review or investigate any other matters referred to the Committee by the Trust Board.

- To draw any significant recommendations and matters of concern to the attention of the Trust Board.