

ACORN MULTI ACADEMY TRUST

TERMS OF REFERENCE: FINANCE & AUDIT COMMITTEE

Adopted by Trust Board: 11th October 2017

Review Timetable: Annual

Reviewed: Sept 2017

1. POWERS OF THE TRUST BOARD OF DIRECTORS

- 1.1. The Directors of the Trust Board shall establish the Finance & Audit Committee as a Trust committee as empowered by the Trust's Articles of Association (Article 100B).
- 1.2. The Directors shall determine and approve the Committee's Terms of Reference and shall review the Terms at the start of each academic year (Article 101).
- 1.3. The Directors shall determine and approve the delegation of powers, responsibilities and duties to the Committee and shall review this Scheme of Delegation at the start of each academic year (Article 105).
- 1.4. The Directors shall have the right to intervene in the governance of an individual academy where it has serious cause for concern that there is financial mismanagement or failure to operate within budget.
- 1.5. The Trust Scheme of Delegation is attached as [Annex 1](#).

2. POWERS OF THE FINANCE & AUDIT COMMITTEE

- 2.1. The Committee shall exercise the powers, responsibilities and duties delegated by the Trust Board as set out in the Terms of Reference and Scheme of Delegation, and in particular;
- 2.2. to prepare and recommend the Trust and Academy Financial Regulations and Procedures to comply with relevant statute and regulation, the Trust's Scheme of Delegation and the decisions of the Directors,
- 2.3. to establish and review the Trust's and academy's scheme of financial delegation & authorisation limits
- 2.4. to review, recommend to the Trust Board and monitor the individual academy annual budgets that are proposed by each Local Governing Body, with a specific responsibility to ensure that the budgets are managed efficiently, with the aim being to avoid a deficit,
- 2.5. to review, recommend to the Trust Board and monitor the Trust annual budget that consolidates individual academy budgets with Trust central costs and charges, with a specific responsibility to ensure the Trust budget are managed effectively, with the aim being to avoid a deficit,
- 2.6. to review and recommend to the Trust Board the appointment and re-appointment of the Trust's auditors and monitor the effectiveness of external auditors including the use of performance indicators,
- 2.7. to plan and oversee the statutory audit of Annual Accounts for the Trust and each academy,
- 2.8. to identify and propose to the Trust Board opportunities for the Trust to achieve financial and resource efficiencies for member academies through joint commissioning and procurement and efficiency savings programmes
- 2.9. to review and approve the Trust and Academy Interim Year End financial reports prior to audit
- 2.10. to review and recommend to the Trust Board the audited Annual Accounts and Financial Statements in accordance with relevant statute and regulation,

- 2.11. to review and recommend to the Trust Board the Trustees Report,
- 2.12. to prepare and recommend to the Trust Board and implement the Trust action plan in response to the auditor's management letter (SoD),
- 2.13. to ensure that the annual Accounts Return to the Education Funding Agency is submitted in a timely manner.
- 2.14. to review the trust's investments and investment policy regularly
- 2.15. to review and agree insurance arrangements to support activities as an employer
- 2.16. to review central spend / top slice, and recommend to the Trust Board
- 2.17. to prepare and approve policies relating to the Trust's financial governance and operation including;
 - 2.17.1. Procurement,
 - 2.17.2. Anti-Fraud and Corruption
 - 2.17.3. Investment.
 - 2.17.4. Capital & Revenue Reserves
 - 2.17.5. Risk Management

3. AUDIT FUNCTION

The Finance committee includes the functions of the Audit Committee.

Staff employed by the trust may attend the audit committee to provide information and participate in discussions, but should not be members of it, or vote when matters relating to audit are discussed. The accounting officer and other relevant senior staff should routinely attend the committee in the capacity set out above.

- 3.1. to review the risks to internal financial control at the Trust and to review the statement on internal control, make appropriate recommendations to the Trust Board.
- 3.2. to agree a programme of work that will address, and provide assurance on these risks.
- 3.3. to have oversight over financial controls and risks at constituent academies
- 3.4. to recruit and appoint an internal auditor
- 3.5. to plan and implement the internal audit programme including the checking of financial controls, systems, transactions and risks
- 3.6. to consider internal audit reports, including value-for-money reports and the arrangements for their implementation
- 3.7. to review the effectiveness of the internal control system to ensure that the aims, objectives and key performance targets of the organisation are achieved
- 3.8. to ensure financial benchmarking takes place, alert the Trust Board to any best value implications and make recommendations to the Board for best practice
- 3.9. to put in place and maintain a Risk Register, Business Continuity Plan and Disaster Recovery plan for loss of accounting and financial Information
- 3.10. to review internal and external financial statements and reports to ensure that they reflect best practice

- 3.11. to inform the governance statement demonstrating value for money that accompanies the annual accounts
- 3.12. to review the accounting officer check list – appendix C of the AFH
- 3.13. to ensure the capture of all relevant business and pecuniary interests of members, trustees, local governors and senior employees, including:
 - directorships, partnerships and employments with businesses
 - trusteeships and governorships at other educational institutions and charities
 - for each interest: the name of the business; the nature of the business; the nature of the interest; and the date the interest began
- 3.14. To oversee the academy's corporate governance arrangements including the code of conduct for trustees and local governing body members and code of conduct for senior staff
- 3.15. To oversee the policy on fraud and irregularity, to ensure that all significant losses have been properly investigated and reported as appropriate.

4. REPORTING

To prepare an annual report for submission to the Trust Board on the work of the committee including an opinion on the effectiveness of the internal control system and the pursuit of value for money together with an assurance on risk management

5. HR/PERSONNEL

- 5.1. to consider and respond to proposed policies relating to the Trust's employment of staff including;
 - 5.1.1. Teachers Annual Pay Award,
 - 5.1.2. Support Staff Annual Pay Award,
 - 5.1.3. Leadership structure
- 5.2. To review and approve staff appraisal procedure, pay progression and annual pay awards, monitored by LGB and agreed by Head of School
- 5.3. to consider and respond to proposals for the re-structuring and redundancy of staff.
- 5.4. to approve compensation payments up to £50,000 or the limit set by the Education Funding Agency.

6. PREMISES AND HEALTH & SAFETY

- 6.1. to assist the CEO and discharge the responsibilities of the Trust Board on matters relating to the school premises and grounds, security and environment
- 6.2. to oversee the preparation and implementation of contracts, ensuring best value principles are adhered to
- 6.3. to approve expenditure or contracts between the Upper Limit (as per Trust Finance Regulations) and the OJEU limit in force at the time
- 6.4. to approve disposals and write-offs of stock and assets between the Upper limit (as per Trust Finance Regulations) and the limit set by the Education Funding Agency
- 6.5. to ensure a strategic financial view of income, staffing, other expenditure and capital projects. To have a strategic view regarding forward planning of school finances through longer term financial plans and projections, including capital funding both for maintenance of existing facilities and for school improvement projects
- 6.6. to review, approve and monitor the Asset Management Policy and Plan including;

- 6.6.1. approval of commissioning and repairs between £10,000 and £49,999,
- 6.6.2. approval of applications for capital funding.
- 6.7. to monitor the progress of all facilities works and projects
- 6.8. to review and approve the Trust Health & Safety policy.
- 6.9. to monitor the implementation and effectiveness of the Trust's Health & Safety arrangements
- 6.10. to ensure that appropriate risk assessments, including annual fire risk assessments, take place and are acted upon
- 6.11. to review catering/school meals/ nutritional policy and suppliers in conjunction with Local Governing Bodies. Re-affirm food standards in line with statutory duties
- 6.12. to approve and review Critical Incident Plans

7. COMPOSITION AND APPOINTMENT OF THE FINANCE & AUDIT COMMITTEE

- 7.1. The composition of the Committee shall be as follows;
 - 7.1.1. Chief Executive,
 - 7.1.2. Trust Finance Manager,
 - 7.1.3. Persons with finance, accountancy or commercial expertise who will be appointed by the Trust Board,
 - 7.1.4. Further Trust Directors such that the Committee has a majority of Directors.
- 7.2. The membership of the Committee shall be detailed as [Annex 2](#).

8. TERM OF OFFICE AND RESPONSIBILITIES OF COMMITTEE MEMBERS

- 8.1. The Term of Office for all Members is 4 years.
- 8.2. On appointment Members are each required to familiarise themselves and to agree to comply with;
 - 8.2.1. Trust Articles of Association,
 - 8.2.2. Trust Master and Supplementary Funding Agreements
 - 8.2.3. Trust Financial Regulations,
 - 8.2.4. Academies Finance Handbook,
 - 8.2.5. These Terms,
 - 8.2.6. Current relevant financial legislation and guidance for academies.

9. MEETINGS OF THE COMMITTEE

- 9.1. The Committee shall meet at least once per term and in particular;
 - 9.1.1. The Committee shall meet at the appropriate times set out in the Trust Business Calendar
 - 9.1.2. The members will receive notice of each meeting 7 clear days before the date of the meeting.
 - 9.1.3. The agenda, papers and minutes of Committee meetings will be sent to the Board Clerk when they are issued to members
 - 9.1.4. Minutes will be signed by the Committee Chair at the next meeting to verify that the minutes are a true record.
- 9.2. Quorum for a meeting of the Committee will be half the members and a majority of members present being Trust Directors.

9.3. Each question to be decided at a meeting of the Committee shall be determined by a majority of votes of members present and eligible to vote on the question. The Chair shall have the casting vote in the case of equal votes for and against the decision.

10. APPOINTMENT OF THE COMMITTEE CHAIR AND VICE CHAIR

- 10.1. The Trust Board shall approve the Chair and Vice Chair who will be recommended by the Committee after election.
- 10.2. The Trust Board shall have the right to remove the Chair and/or Vice Chair, specifically in circumstances where they have cause for concern that there is financial mis-management in the Trust.
- 10.3. The term of office for Chair and Vice-Chair will be 1 year and they shall be appointed at the first meeting of each school year.

11. APPOINTMENT OF A CLERK

- 11.1. The Trust Board shall appoint a Clerk to the Committee.

DECLARATION

The Finance & Audit Committee at its meeting on 28 Sept 2017 resolved to recommend these Terms of Reference to the Trust Board. A copy has been forwarded to the Clerk to the Directors for the formal Trust Board records. These Terms of Reference will be reviewed annually at the start of the academic year.

Signature
(Chair of the Finance & Audit Committee)

Date of signature

ANNEX 1: Trust Scheme of Delegation

ANNEX 2: Committee membership

ANNEX 2
Finance & Audit Committee Membership

Chair: Lesley Adams (Director)

Members:

Andrea Rice (CEO)
Cindy Porter (Finance Manager)
Mark Van de Weyer (Director)
Brian Impey (Director)

Clerk:

Veronica Dower