

FINANCE, AUDIT & RISK COMMITTEE

TERMS OF REFERENCE 2023/2024

1. Constitution

- 1.1 The Greensand Multi-Academy Trust Board (“the Board”) has resolved to establish a Finance, Audit & Risk Committee to advise the Board on matters relating to the Greensand Multi-Academy Trust’s (“the Trust”) financial, audit and risk arrangements.
- 1.2 The Finance, Audit & Risk Committee (“the Committee”) is accountable to the Board for reviewing the policies and processes for identifying, assessing and managing risks within the Trust.

2. Authority

- 2.1 The Committee is authorised to investigate any activity within its Terms of Reference or specifically delegated to it by the Board. It is authorised to request any information it requires from any Member, Trustee, Governor, employee, external auditor, internal auditor or other assurance provider.
- 2.2 The Committee is authorised to obtain any input from the Trust Board, outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer and/or Chair of the Board.
- 2.3 The Committee has no executive powers or operational responsibilities/duties.

3. Duties & Responsibilities

The Finance, Audit & Risk Committee will exercise responsibility for, and oversight of, the following with respect to the Trust:

3.1 Finance

- a. Ensuring good financial management and effective internal controls within the Trust and examining and reviewing all systems and methods of control;
- b. Compliance with the Trust’s Funding Agreements, the Academy Trust Handbook, Education & Skills Funding Agency (ESFA) and Charity Commission guidance;
- c. Financial and non-financial procedures, controls & risks at each school within the Trust, including monitoring their effectiveness;
- d. Receiving and considering information on the financial performance of the Trust at least three times per year, taking action to ensure ongoing financial viability;
- e. Annual benchmarking exercises & value for money through the Trust budget;
- f. Ensuring sufficient rigour and scrutiny in the budget management process to understand and address variances between the budget forecast and actual income and expenditure of the Trust;
- g. Monitoring and scrutinising all consolidated Trust annual budgets, monthly management accounts and individual school budgets and budget plans, & thereafter making recommendations to the Board for ultimate approval;

- h. The timely preparation, review and submission of the annual report, financial statement and accounts (for presentation to Members & Trustees) and ensuring there is sufficient disclosure in the annual accounts to fulfil the required standards of accountability and transparency;
- i. Ensuring information submitted to the Department for Education and ESFA that affects funding (including pupil number returns and funding claims completed by/for the Trust) is accurate and in compliance with funding criteria;
- j. Reviewing the Trust's Financial Scheme of Delegation annually;
- k. Monitoring the cash position and cash management across the Trust & reviewing & approving the Trust's investments & Investment Policy;
- l. Reviewing & approving delegated authority limits for financial transactions;
- m. Monitoring & providing pre-contract approval for contracts, including buybacks and contracts by tender, with a value of £25K or more;
- n. Giving authority for the approval of official budgeted orders for the purchase of goods and services between £25,001 and £50K. Any decisions resulting in financial adjustments which are not included in the approved annual budget for these amounts, are to be presented to the Finance, Audit & Risk Committee or to the Trust Board for approval;
- o. Approving related party transactions with a value of £5K to <£40K, special payments valued between £10K and <£50K, all capital projects above £30K and operating leases & permitted loans exceeding £30K;
- p. Monitoring virement of funds and virement policies & approving virements with a value exceeding £30K; Financial procedures (including compliance with the Department for Education Guidance), including reviewing & approving the Trust's debt recovery policy and procedures, & approving the writing off of bad debts exceeding £1K in value;
- q. Reviewing financial policy and options regarding potential centralised contracts and service level agreements and thereafter making recommendations to the Board for approval;
- r. Reviewing the Fixed Asset Register & approving disposal of assets & items with a value exceeding £5K;
- s. Charging policy; income generation policy; lettings policy;
- t. Insurance arrangements;
- u. Expenses Policy for Governors, Trustees & Members;
- v. Compliance with statutory and other required procedures and deadlines;
- w. Engaging with strategic oversight of management of the Trust's estate and facilities (e.g. buildings and computer equipment/software), including ensuring that they are repaired and maintained in accordance with regulatory requirements and also including allocation of capital funds. Building condition surveys and major refurbishment projects are to be captured in an annual capital expenditure plan to ensure the Trust's long term strategic objectives can be met;

3.2 Audit

- a. Reporting to the Board and Accounting Officer termly and annually on its findings on the adequacy and effectiveness of the Trust's governance, risk management, internal

- control and value for money systems and frameworks as a critical element of the Trust's annual reporting requirements;
- b. Advising the Board on the appointment, re-appointment, dismissal and remuneration of auditors (both external auditors and internal auditors or other assurance provider);
 - c. Advising the Board on an appropriate programme of work to be delivered by independent assurance providers. This programme of work should be derived from the Committee's regard of the key risks faced by the Trust, the assurance framework in place and its duty to report to the Board as detailed in point 3.2 a. above;
 - d. Ensuring that where a full internal audit service is commissioned, the service provider complies with the standards set by the Chartered Institute of Internal Auditors. This will mean the internal audit provider must conform to the Public Sector Internal Audit Standards;
 - e. Reviewing the external auditor's annual planning document and approving the planned audit approach;
 - f. Receiving reports (assignment reports, annual reports, management letters etc.) from the external auditor, internal auditor and other bodies, for example EFSA, and considering the findings, the quality of the auditor's comments and recommendations, any issues raised, the associated management response and action plans. Where deemed appropriate, refer reports to the Board or other committee for information or action and advise the Board of material control issues;
 - g. Regularly monitoring outstanding audit recommendations from whatever source and ensuring any delays to agreed implementation dates are reasonable;
 - h. Establishing and monitoring KPIs with regard to the performance of the external auditor, internal auditor or other assurance provider, assessing their effectiveness, expertise, resources & technology, and their understanding of the Trust and its activities;
 - i. Drawing up and reviewing the Trust's fraud response plan and ensuring that all allegations of fraud or irregularity are managed and investigated appropriately;
 - j. Considering any additional services delivered by the external auditor, internal auditor or other assurance provider and ensuring that those services are compatible with the audit independence and objectivity;
 - k. Ensuring appropriate co-operation and co-ordination of the work of the external auditor and internal auditor, to the extent that they are different entities;
 - l. Ensuring the member schools within the Trust co-operate and co-ordinate with the requirements of the external auditor and internal auditor;
 - m. Meeting with the external auditor and internal auditor or other assurance provider, without management present, at least annually;

3.3 Risk

- a. Requiring that management adopts a Risk Management Strategy so that the Trust complies with risk management best practice and sets out the current processes and responsibilities for risk management in the Trust;
- b. Ensuring objectives for managing risk across the Trust are established and regularly reviewed, including:
 - Compliance with risk management best practice;
 - Identification of risks and ensuring risks are appropriately documented;

- Assurance provided to the Trust Board, and Members' Board (where appropriate), that risks are being adequately controlled or identify areas for improvement;
 - Ensure appropriate action is taken in relation to accepting, mitigating, avoiding, and transferring risks;
- c. Reviewing the ratings and responses on the Trust's Central Risk Register and Risk Register Summary dashboard at least termly and ensuring that the following categories are included to inform the Committee's programme of work:
- Strategic & reputational risk – the long-term strategic objectives of the Trust e.g. high achievement, inspiring and supportive culture, strong community and partnerships;
 - Operational risk – the day-to-day issues the organisation is confronted with as it strives to deliver its strategic objectives, including:
 - Outstanding staff, leadership and management;
 - Outstanding facilities;
 - Financial risk – the effective management and control of the finances of the Trust;
 - Compliance risk – such issues as health & safety, data protection, employment practices, regulatory and environmental issues;
- d. Providing assurance to the Board that risks are being adequately identified and managed through the Trust's internal framework.
- e. Ensuring contractors and third parties are managing risk and that provisions are in place for obtaining such assurance;
- f. Receiving and monitoring reports termly from management which enable the Committee to assess the risks involved in the Trust's business and to consider the Principal Risks identified by management and how they are controlled and monitored;
- g. Ensuring any new or increased risks or significant failure of risk management control measures are considered and reported to the Committee termly, or immediately if required, and a summary of action taken is distributed by the Trust's Chief Executive Officer to member schools;
- h. Receive assurance on the Trust's compliance with health and safety legislation, particularly Health and Safety at Work Act, and practices to ensure the safety of pupils, staff and stakeholders;

3.4 Internal Scrutiny

- a. Ensuring the Trust is complying with the overall requirements for internal scrutiny as specified in the Academy Trust Handbook;
- b. Directing, approving and overseeing an annual programme of internal scrutiny with the Trust's internal auditors to check that the Trust's financial and non-financial systems and controls and risk management procedures are operating effectively and are compliant;
- c. Agreeing who will perform the internal scrutiny work and having access to and considering the quality of the external auditor and those carrying out internal scrutiny;
- d. Ensuring internal scrutiny is undertaken by suitably qualified and experienced people able to draw on technical expertise as required;

- e. Considering audit reports and recommendations from those carrying out the programme of work and the progress in addressing any recommendations, and ensuring reports are shared with all Trustees;
- f. Ensuring that the programme of internal scrutiny delivers objective and independent assurance and that the Trust's approach to internal scrutiny is kept under review and remains suitable when the Trust changes in size, complexity or risk profile;
- g. Ensuring that risks are being addressed appropriately through internal scrutiny and that the ratings and responses on the Central Risk Register inform the programme of work;
- h. Considering the appropriateness of executive action following internal audit/internal scrutiny reviews and advising senior management on any additional or alternative steps to be taken;
- i. Considering outputs from other assurance activities by third parties, including ESFA financial management and governance reviews, funding audits and investigations;
- j. Reviewing and recommending to the Board for approval the internal scrutiny annual summary report of the areas reviewed, key findings, recommendations and conclusions and ensuring it is submitted to ESFA with the audited annual accounts each year

4. Probity

- 4.1 The Committee will encourage a culture within the Trust whereby each individual feels that he or she has a part to play in guarding the probity of the Trust, and is able to take any concerns or worries to an appropriate member of the management team or, in exceptional circumstances, directly to the Board;
- 4.2 The Committee will ensure that the Trust's strategic vision and values are at the centre of its endeavours.

5. Administration

- 5.1 The Committee will meet at least once per term, but may meet more frequently as required. The Chair or any two members of this Committee may call a meeting.
- 5.2 The Committee will consist of at least five members of the Board. Additionally, up to two external co-opted members with particular expertise may also be appointed who are not members of the Board. At least one of the members should have relevant financial or audit assurance experience, and at least one of the Committee members should have risk management experience. The Chair of the Board cannot be a member of the Committee.
- 5.3 The Chair and Vice Chair of the Committee will be appointed by the Committee and will not be employed by the Trust. The term of office for both the Chair and Vice Chair will be two years.
- 5.4 The Committee will be quorate if three members are present and more than 50% of those members present are Board members.
- 5.5 All Committee members have equal voting rights. In the event of an equal division of votes, the Chair shall have the casting vote.
- 5.6 The Accounting Officer for the Trust will have voting rights for Finance business before this Committee, but no voting rights with respect to Audit or Risk business.
- 5.7 The Finance & Operations Director and other members of the Trust's staff may be invited to attend Committee meetings, but will have no voting rights.

- 5.8 Administrative support will be provided by the Clerk to the Central Committees & Lead Governance Professional as appropriate.
- 5.9 Agendas will be prepared by the Clerk to the Central Committees & agreed in advance by the Chair of the Committee and the Chief Executive Officer (CEO) of the Trust (based on, but not limited to, a pre-agreed annual schedule of activity) and papers will be circulated to Committee members and attendees at least 7 working days in advance of the meeting.
- 5.10 Minutes of meetings will be taken and will be submitted in the next scheduled meeting of the Board once approved in draft by the Chair of the Committee.
- 5.11 The Committee will report back to the Board regularly every term and the Board will receive minutes, reports and recommendations from the Committee.
- 5.12 The Committee will review these Terms of Reference and self- assess its performance against these Terms of Reference on an annual basis.
- 5.13 The members of the Committee shall hold office for a term of 4 years.
- 5.14 The members of the Committee may resign from office or be removed from membership of the Committee on subsequent consideration by the Board.
- 5.15 The Board must not add to these Terms of Reference responsibilities that require the Committee to adopt an executive role, or its members to offer professional advice to the Board. The Committee should seek formal professional opinions from the internal audit service, financial statements auditor or other professional advisers to the Board. Advice should only be given in Committee members' capacity as Trustees and co-optees and only within these Terms of Reference.

Signed:
 Chair of Finance, Audit & Risk Committee

Date reviewed & adopted by the FAR Committee:

Date of next review: October 2024