

The Priestley Academy Trust

Terms of Reference



Finance, Audit and Risk Committee

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Purpose of the Finance, Audit and Risk Committee

The Priestley Academy Trust Board has established the Finance, Audit and Risk Committee (FAR).

The purpose of the FAR Committee is to ensure the Trust complies with all matters of regularity, propriety, value for money in its use of public funds, and is authorised to investigate any activity within its terms of reference or specifically delegated to it by the Trust Board. It is authorised to request any information it requires from any employee, external audit, internal audit or other assurance provider. The FAR Committee will also have delegated responsibility for Buildings, ICT, Health and Safety, Human Resources and Procurement. The FAR Committee will ensure that all Trustees on this Committee have the skills, knowledge and information to assess the Trust's financial performance.

The requirements of the FAR Committee, as specified in the DfE Academies Trust Handbook are:

- To have in place a process of internal scrutiny for checking financial systems, controls, transactions and risks.
- To achieve internal scrutiny which delivers objective and independent assurance.
- To provide assurance to governors that risks are being adequately identified and managed by reviewing the risks to internal financial control at the Trust and agreeing a programme of work to address and provide assurance on those risks.
- To inform the governance statement that accompanies the annual accounts of the Trust and, so far as possible, provide assurance to external auditors.

The FAR Committee manages this programme of risk review and checking of the financial controls in the way that it deems most appropriate, in accordance with the Academies Trust Handbook.

Roles and responsibilities of the FAR Committee

The responsibilities delegated to the FAR Committee by the Trust Board include:

Finance, Policy and Management

- Develop a financial strategy for the Trust and recommend to the Trust Board policies, procedures and plans to deliver the strategy.
- The Chief Executive Officer and Chief Finance Officer review ESFA's indicative funding notified to the Trust and assess its implications for the Trust, in advance of the financial year, drawing any matters of significance or concern to the attention of the FAR Committee and Trust Board.
- Ensure on behalf of the Trust Board compliance with the finance policies, procedures and regulations of the Trust's best value requirements and the Academies Trust Handbook.
- Review, monitor and recommend to the Trust Board a Finance Policy, which includes Scheme of Delegation for spending and budgetary adjustments for the Committees, Chief Executive Officer, Headteachers and the Local Governing Boards for securing appropriate provision to meet the needs of all pupils.

- Consider and approve or otherwise budgets for each school and Trust wide services.
- To assist the Trust Board in establishing and maintaining a three-year financial plan, investment policy and strategy to deliver priorities and proposals for organisational change (i.e. changes in the numbers of schools, to age ranges, to the size of the schools, to the location of the schools, etc.), capital projects, and bids for external funding.
- To recommend to the Trust Board the opening and operation of the Trust bank accounts, authorised signatories, transfer between accounts, operation of credit cards and payment systems controls.
- To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position of the Trust Board and ESFA if appropriate.
- Chair of FAR, along with Chair of Trust Board, will receive monthly budget monitoring reports from the CFO and bring any concerns relating to the those reports to the FAR Committee in a timely manner.
- Notify on a timely basis to the Trust Board of all financial matters of which the FAR Committee has knowledge and which may materially affect the current or future position of the Trust.
- Oversee significant investment and capital financing decisions made by the Trust Board.
- Approve and keep under review the Trust's Investment and Reserves Policy.
- To review and ensure the Annual Report and Accounts are produced in accordance with the Academies Trust Handbook and recommend the same for approval.
- To receive auditors' reports and to recommend to the Trust Board action as appropriate in response to audit findings.
- To maintain a Trust-wide up-to-date list of contracts and assets and an inventory of all furniture, equipment, machinery, vehicles and plant.

The FAR Committee will also have delegated responsibility for Buildings, ICT, Health and Safety, Human Resources and Procurement, audit and risk, and include:

Buildings and ICT

- To consider and prioritise the general view of the condition and the Trust's buildings and ICT infrastructure and recommend to the Trust Board appropriate action for maintenance, improvement and expansion of buildings.
- Develop for the Trust Board's approval, plans for the purchase or disposal of any freehold property, and for granting or taking up of leasehold or tenancy of land or buildings.
- To arrange professional surveys and emergency work as necessary.
- To establish a project working group where necessary to oversee any major developments.

Health and Safety

- Ensure compliance with all health and safety legislation and implementation of health, safety and security, and data protection policies and procedures.

- Ensure that health and safety issues are appropriately prioritised for action and staff are trained in health and safety and security arrangements.

Human resources

- To develop, review and monitor on behalf of the Trust Board policies and procedures for human resources and organisational development, i.e. Recruitment and Retention, Pensions, Severance, Performance Management, Appraisal and Capability Policy.
- To develop, review and monitor, on behalf of the Trust Board, staffing structures for central/Trust-wide staff.
- To consider, determine and keep under review effective arrangements for consultation with staff as a whole and for negotiation and consultation with appropriately recognised Trade Unions and/or other representatives.
- To ensure effective measures are in place to promote equality and diversity in employment.
- Annual review of remuneration, procedures for dealing with attendance, discipline, capability, grievance procedures and make recommendations to the Trust Board.
- Except in respect of the Chief Executive Officer, authorise/approve salary increases in line with the Trust's recommendation policy for staff working across the Trust/central staff.

Procurement

- Develop the for the Trust Board's approval and the Trust's overall policy and procedures for procurement. Ensure a competitive tendering policy is in place is applied for all relevant procurement.
- Develop a Scheme of Delegation for all procurement activity.
- Report to the Trust Board and seek prior, written permission from the EFSA and, if required, approval from HM Treasury, for any situations where a transaction is irregular, improper, or does not provide value for money.

Audit and Risk

- Oversight of Financial Planning, Controls, Monitoring and Risk Management.
- Review of the risks to internal controls and agree a programme of work that will address these risks.
- Monitor, evaluate and report to the Trust Board the impact of this work and make appropriate recommendations to action above.
- To consider the appointment of the external auditor, the audit fee and scope of the work and advise the Trust Board accordingly.
- To guide the external auditor on the nature and scope of the audit as required.
- To consider and advise the Trust Board on external audit reports and associated matters.
- Ensure any recommendations for improvement by external auditors, internal auditor review, or by external agencies, e.g. the ESFA or DfE, once agreed by the Trust Board, are carried out.
- To act as the body to whom the head of the internal audit reports on the internal audit function and discuss any issues that the head of internal audit may raise.

- Review and challenge where necessary:
 - Any changes to, accounting policies and practices annually and over time.
 - Areas involving a significant degree of judgement.
 - Whether the Trust has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.
 - The going concern assumption.
 - Compliance with accounting standards and legal requirements.
 - The clarity of disclosure in the Trust's financial reports and the context in which statements are made.
- To ensure that all significant losses have been properly investigated and reported as appropriate.
- To ensure that all business and pecuniary interests of members, Trustees and senior employees is appropriately recorded.
- Receive termly reports from the Trust's management and the chosen internal audit arrangements on the effectiveness and integrity of the internal control and management system.
- Review the timelines of, and report on, the effectiveness of corrective action taken by the Trust's management.
- To receive and review relevant external reports relating to audit such as those prepared by the National Audit Office and ESFA and recommend appropriate actions to the Trust Board as a result of such reports.
- To monitor the arrangements of the Trust to secure value for money.
- To advise the Trust Board on risk management and develop and undertake timely review of a comprehensive risk assessment, risk register, risk mitigation plan, and a business continuity plan.
- Report to the Trust Board at least termly on risk and annually on the Trust's business continuity plan.
- To consider the Trust's risk profile relative to current and future Trust strategy and mitigate risk – including the nature and extent of significant strategic risks that the Trust is willing to take in achieving its objectives.
- To oversee the Trust policies on fraud and irregularity and review arrangements where individuals can raise concerns, in confidence about possible fraud and integrity in transacting the business of the Trust.

The FAR Committee, in transacting its business will review on a regular basis, its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

Membership of the FAR Committee

- The FAR Committee will be appointed by the Trust Board and will comprise of no more than five and no fewer than three members.
- The majority of members of the FAR Committee will be Trustees; at least one of whom shall have recent and relevant financial experience.

- The Trust Board will appoint one of the members of the FAR Committee as its Chair and the Chair of the Trust Board will not act as Chair of the FAR Committee.
- The Chair may not be a member of any other Committee.

Organisation

- Chair appointed annually.
- Terms of Reference, constitution and membership – reviewed annually.
- Quorum: three Trustees.
- Decision will be by simple majority of members in attendance and the Chair will have the casting vote on an equality of votes.
- **Executive Officers in attendance have no voting rights.**
- To meet at least three times a year, and additionally as and when required as determined by the Committee.

Attendance

The FAR Committee may ask the Chief Executive Officer, Chief Finance Officer and any other senior executive, or a representative of the internal or external auditors, to attend meetings of the Committee either regularly or by invitation.

Clerk

The Clerk will minute the proceedings and resolutions of the FAR Committee and ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.