

GOVERNANCE TERMS OF REFERENCE FINANCE, RISK AND AUDIT

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Purpose:

- The Board has established a Finance, Risk and Audit Committee to support it, and specifically the Chief Executive as Accounting Officer, in its responsibilities for ensuring the adequacy of risk management, internal control and governance arrangements and that public funds are used efficiently and effectively.
- The Finance, Risk and Audit Committee will review the comprehensiveness of assurances for the Board and Accounting Officer and review the reliability and integrity of those assurances. The Finance, Risk and Audit is a sub-committee responsible to the Board for its performance.
- The Board has defined the Committee's purpose as assisting the Board in its on-going oversight of the Trust's arrangements for budgeting, financial planning, financial performance and financial reporting in respect of both revenue and capital activities.
- The Committee will assist the Board on its ongoing oversight of all other support operations of the Trust, including Data, Estates, Compliance, ICT, marketing and HR as required.
- It is authorised to request any information it requires from any employee, external auditor or internal auditor regarding its duties and responsibilities.
- The Finance, Risk and Audit Committee is authorised to request any outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer, however, the Finance, Risk and Audit Committee may not incur expenditure without approval of the Board of Trustees.
- The role of the committee is to assess the scope and effectiveness of the systems established by the executive team to identify, assess, manage and monitor financial and non-financial risks to the company including the risk register. It also maintains an oversight of the Trust's governance, internal control, financial reporting and value for money frameworks in order to establish levels of compliance throughout the Trust.

Membership and quorum:

- The Finance Risk and Audit Committee (FRAC) will have a minimum of 3 members all of whom, including the Committee's Chair, will be members of the Board.
- The Chair of the FRAC will be appointed by the Board from any of its members although is usually the Vice Chair of the Board of Trustees.
- All FRAC members will be non-executive and appointed to the FRAC by the Board, At least one FRAC member shall be suitably financially qualified and have recent and relevant financial experience. The Board may also appoint one or more independent external members selected through open competition.
- All appointments shall be made with due regard to the need to understand the organisation's objectives, structure and culture, and other legislative and accountability contexts within which it operates. FRAC members will collectively possess knowledge and skills in accounting, risk management, audit, financial governance and technical issues relevant to the business and strategic management of the organisation.
- The term of service for FRAC members will be for a period of 3 years, extendable for up to a maximum of a further 3 years at the discretion of the Board. FRAC members who are members of the Board may stand down with the consent of the Board and their service will discontinue if they no longer serve as members of the Board.

- The FRAC shall be entitled to co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience, with approval of the Board.
- Members should declare conflicts of interest not previously notified.

Secretary

- The Clerk to the Board of Trustees will act as clerk to the FRAC with responsibility for coordinating its business and servicing its meetings.

Quorum

- A duly convened meeting of the FRAC at which a quorum of two members is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the FRAC, so long as at least one is a member of the Board.
- The Chair of the Board may nominate alternative Board delegates if one or two of the members cannot attend a meeting.

Meetings

- The FRAC will meet at least 3 times a year at appropriate times in the reporting and audit cycle, coordinated in advance of the Board so that it may receive the FRAC's report and recommendations from each meeting. A specific meeting will be convened expressly for the purpose of considering the annual accounts.

Attendance at FRAC meetings

- FRAC meetings will normally be attended by:
 - the Chief Executive
 - the Chief Operating Officer
- Members of the FRAC may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter. (e.g. Finance Manager, Strategic HR Lead, Senior Operations Officer)
- All meetings will be chaired by the Chair of the FRAC. In the absence of the Chair the remaining members present shall elect one of their number to chair the meeting.
- The FRAC may ask any or all of those who normally attend but who are not members to withdraw from the discussion of particular matters to facilitate open and frank discussion.

Notice of meetings

- Unless otherwise agreed by the Chair of the Committee, notice of each meeting confirming the venue, time and date together with an agenda of the items to be discussed and any relevant papers shall be sent to FRAC members and all other persons required to attend, no later than 5 working days before the date of the meeting.
- In addition to its scheduled meetings, further meetings of the FRAC may be called by the clerk at the request of the Board, the Accounting Officer or the external or internal auditor.

Minutes

- The clerk will arrange for a record of the proceedings and decisions of each meeting to be made, including the names of those present and in attendance and any

declarations of conflict of interest.

- Draft minutes of the meetings shall be circulated within 10 working days of the meeting taking place to the Chair of the FRAC and then to all members and attendees of the FRAC.
- The minutes of the meeting shall be approved by the FRAC at its subsequent meeting.

Delegations

- Review and scrutinise the summary of the Trust budgets
- Review and scrutinise the School Condition Allocation for the Trust.
- Review and scrutinise the schemes of delegation in relation to Finance and Assets and make recommendations for any changes to the Board.
- Review the Financial Statements in the Annual Report and Accounts and recommend them to the Board of Trustees.
- To ensure that the Internal Auditors commissioned comply with the standards set by the Chartered Institute of Internal Auditors.
- To receive reports from management, the External Auditor and Internal Auditor on an agreed basis and consider the issues raised, management responses and action plans.
- To monitor outstanding audit recommendations and ensure any agreed delays to implementation dates are reasonable.
- To ensure appropriate cooperation and coordination of the work of the External and Internal Auditor.
- To receive the annual management letter from the external auditors and establish whether recommendations have been implemented.
- To review the content of the Annual Report and Accounts and advise the Board whether it is fair, balanced and understandable.
- The Committee must ensure an annual report is provided by an internal auditor covering key findings, recommendations and conclusions.
- To review the Trustees' Statement in the Annual Report and Accounts on the Trust's internal controls and risk management framework and recommend the statement to the Board of Trustees in line with the Annual ESFA Accounts Direction.

Roles and Responsibilities

The FRAC will maintain a rolling forward agenda of about one year which will be reported to the Board on a regular basis.

The FRAC's role is to support the Board and Accounting Officer, in monitoring the adequacy of the organisation's corporate governance and control systems through:

- offering objective advice on issues concerning the risk, control and governance of the organisation and associated assurances provided by internal and external audit and other processes
- constructively challenging, where and when appropriate, executive decisions to ensure that these are the best possible and achieve value for money in the light of the available evidence

The FRAC will review and advise the Board and the Accounting Officer on the following matters:

- the annual report, resource accounts (see below) and Governance statement
- the adequacy of the organisation's assurance processes and how governance arrangements support achievement of organisational strategy and objectives

- up-holding standards of propriety in the organisation's business
- achievement of value for money
- the plans for internal and external audit, including assessing priorities and promotion of understanding of the role of audit within the organisation
- the results of internal and external audit work, including individual audits, progress, remedial actions and annual reports, and management letters
- the adequacy of management responses to issues raised by internal and external audit; and implementation of internal audit recommendations and timescales
- the processes for assessing, reporting, mitigating and owning business risks and their financial implications, including the capability of the organisation's internal reporting system to provide early warning of control failures and emerging risks
- the adequacy of the organisation's assurance arrangements relating to the management of risk and corporate governance
- the adequacy of systems of quality assurance for the organisation's core activities
- the appointment of internal auditors, including the chief audit executive
- the organisation's policies for counter-fraud, whistle-blowing and cyber and information security
- the performance of internal and external audit services

Considerations for the Finance Risk and Audit Committee in respect of the organisation's annual report and resource accounts:

- that the accounting policies in place are appropriate and comply with relevant requirements, particularly the Treasury's Financial Reporting Manual, Academies Financial Handbook and Accounts Direction
- that there has been a robust process in preparing the accounts and annual report
- whether the accounts and annual report have been subjected to sufficient review by management and by the Accounting Officer before they are reviewed and approved by the Board
- that when new or novel accounting treatments arise, whether appropriate advice on accounting treatment has been taken
- whether there is an appropriate anti-fraud policy in place, and whether losses are suitably recorded
- whether suitable processes are in place to ensure accurate financial records are kept
- whether suitable processes are in place to ensure regularity and propriety is achieved
- whether issues raised by the External Auditors have been given appropriate attention

The Committee should satisfy itself that the annual financial statements represent fairly the financial position of the organisation. Before the Accounting Officer signs off the Letter of Representation, the Committee should review it and give particular attention to non-standard issues of representation.

To ensure that the staffing structure within the Trust is commensurate with the needs of the Trust and academies (based on the number of academies and learners).

To approve procedure for recruitment and appointment of staff where delegated to do so.

To oversee the process leading to staff reductions, including any redundancies.

To follow established procedures when advertising, selecting and appointing new members of staff where the scheme of delegation requires it.

To keep under review staff work/life balance, working conditions and well-being, including the monitoring of absence based on information provided from the academies.

To establish and review a Performance Management/Appraisal policy for all staff.

To establish and review all HR related Trust Policies.

Reporting responsibilities

The FRAC Chair will formally report to the Board after each meeting. This will usually be done by submitting a copy of the draft minutes with the Chair highlighting any significant matters which the FRAC considers relevant to draw to the Board's attention.

The Chair will provide an annual report to the Board, timed to support the preparation of the annual governance statement, summarising its conclusions from the work it has done during the year.

Rights

The FRAC shall be entitled to:

- sufficient resources to carry out its duties, including access to the Trust's governance and business assurance resource
- appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members
- procure specialist ad-hoc advice at the expense of the Trust, subject to confirmation from the Board that funds are available
- seek any information it requires in order to perform its duties from any employee of the Trust
- call any employee to be questioned at a meeting of the FRAC as and when required
- publish in the Trust's annual report details of any issues that cannot be resolved between the committee and the Board

The chief audit executive (internal audit) and representative of external audit representative will have free and confidential access to the Chair of the FRAC.

Other matters

The Chair of the FRAC shall meet periodically with each of the Accounting Officer, Chief Operating Officer, chief audit executive and external audit representative outside of the formal FRAC meetings. The Chair of FRAC may also meet routinely with the Chair of the Trust.

The FRAC shall arrange for periodic reviews of its own performance including periodic self-assessment and external independent review and annually review its constitution and terms of reference to ensure that it is operating at maximum effectiveness, recommending any changes it considers necessary to the Board for approval.

All FRAC members are expected to undertake any appropriate programme, facilitated by the CEO & COO of engagement within the Trust and its activities to help them understand its

objectives, business needs, priorities and risks.

Policies

- Charging & Remissions
- Data Protection
- Capability
- Staff discipline, conduct and grievance
- Health & Safety
- Equality Information
- Trustee Allowances
- Register of Business Interest
- Finance and Administration
- FOI
- Risk Register
- Whistle Blowing
- General Annual Grant & Reserves

Agreed by the Finance, Risk and Audit meeting dated:

Approved by the Board of Trustees at its meeting date: