



<p style="text-align: center;"><b>FINANCE AND AUDIT COMMITTEE</b></p> <p style="text-align: center;"><b>TERMS OF REFERENCE</b></p>
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<b>Approved</b>	
Signature of CEO	
Date:	
Signature of Chair of Board	
Date:	
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## **1. CONSTITUTION**

- 1.1. Academy trusts must establish a committee, appointed by the Board of Trustees to provide assurance over the suitability of, and compliance with, its financial systems and operational controls.
- 1.2. Due to the size of its income, the Believe Engage succeed Trust (BEST) is not required to have a separate Audit Committee.
- 1.3. The Believe Engage Succeed Trust Board of Trustees has resolved to establish a Finance and Audit Committee to advise the Board on matters relating to the Trust's finance and audit arrangements, systems of internal control, risk management and to advise and aid the Board to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity.
- 1.4. The Finance and Audit Committee is responsible to the Trust Board.
- 1.5. The Committee's Terms of Reference<sup>1</sup> are agreed and adopted by the Board and can only be amended with the approval of the Board. The terms of reference are reviewed on an annual basis. These Terms of Reference have been produced in line with the Academies Financial Handbook 2019 (Part 3: Internal Scrutiny).

## **2. MEMBERSHIP**

- 2.1 The Committee will consist of 3 Trustees who will be appointed by the Board. At least one member of the Committee should have relevant financial or audit experience.
- 2.2 Neither the Chair of the Trust Board nor employees of the Trust can be members of the Finance and Audit Committee.
- 2.3 The members of the Committee shall hold office from the date of their appointment until resignation or omission from membership on subsequent consideration by the Board. The Board will review Committee membership on an annual basis at the start of the academic year.
- 2.4 The Committee will appoint a Chair and Vice Chair from the Committee's membership.
- 2.5 The Accounting Officer / Chief Executive Officer and Chief Financial Officer of the Trust will be in attendance but will have no voting rights.
- 2.6 Any other members of staff or external professionals will be invited to attend the relevant meeting, as required to participate in the discussions but will have no voting rights.
- 2.7 If the Committee Chair is absent from a meeting, the Committee shall choose another member to act as Chair for that meeting.
- 2.8 A person shall be ineligible for appointment or if appointed shall cease to be a member if the individual becomes disqualified from holding office under the Trust's Articles of Association.

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<sup>1</sup> Adapted from ACE Schools Multi Academy Trust and Kickstart Academy ToRs.

### **3. MEETINGS**

- 3.1 The Committee will meet once per half-term (6 times per academic year) in advance of the Trust Board Meetings.
- 3.2 Any two members may request the Committee Chair calls a meeting by giving no less than 14 days prior notice.
- 3.3 The quorum shall be 2 Trustees eligible to vote.
- 3.4 The administration of meetings will be managed by the Clerk to the Trust Board. If the Clerk is absent or is required to withdraw from any part of a meeting, one of the Committee's members will minute the proceedings or a deputy may attend.
- 3.5 Agendas will be prepared by the Clerk and agreed by the Committee Chair in advance. Agendas will be based on, but not limited to, a pre-agreed schedule of activity (Appendix A). Agenda and papers will be circulated to members of the Committee at least 7 days in advance of the meeting.
- 3.6 Decisions to be made at meetings shall be determined by a majority of the votes of members present and voting. In addition to voting in person at a meeting, Trustees are able to vote on matters via e-mail to the Clerk to the Trustees (ahead of the meeting) or via video / telephone conferencing during the meeting. Where there is no majority, the Committee Chair shall have a second or casting vote.
- 3.7 Minutes of the meeting will be taken by the Clerk and the draft will be approved by the Committee Chair. They will be submitted for approval at the next scheduled meeting of the Committee.
- 3.8 Minutes will be shared with members of the Board and a verbal report will be provided by the Committee Chair at each Board meeting.
- 3.9 The Committee will self-assess its performance against these terms of reference on an annual basis and an annual report of the Committee will be presented to the Board.
- 3.10 Committee members are required to declare any business or other interests in any item being discussed at a meeting. In accordance with BEST's Conflict of Interest Policy, on disclosing their interest, Committee members will be asked to withdraw from the meeting and will not be eligible to vote on a matter if there may be a conflict of interest, there is reasonable doubt on their ability to act impartially and/or they have a personal interest in the matter being discussed.

### **4. AUTHORITY**

- 4.1 The Committee will report to the Board on any decision taken in accordance with the Trust's Scheme of Delegation and delegated powers.
- 4.2 The Committee is authorised to investigate any activity within its term of reference or specifically delegated to it by the Board.

- 4.3 It is authorised to request any information it requires from any Director, governor, employee, external audit, internal audit or other assurance provider.
- 4.4 The Committee is authorised to obtain outside legal or independent professional advice it considers necessary, normally in consultation with the Chair of the Trust Board.
- 4.5 Unless approved in advance by the Board, sub-committees may not be established by the Committee.

## **5. MAIN DUTIES**

The main duties of the Finance and Audit Committee are as follows:

- 5.1 Fulfil its responsibilities as set out in these Terms of Reference in line with the Trust's Funding Agreement, Articles of Association, Scheme of Delegation, Academies Financial Handbook, Academies Accounts Direction and the Trust's Financial Policies and Procedures.
- 5.2 Ensure sound management of the Trust's finances and resources including proper planning, monitoring, probity and value for money (VfM).
- 5.3 Advise the Board on the adequacy and effectiveness of the Trust's governance, risk management, internal control and VfM systems and frameworks. An annual report will be produced by the Committee.
- 5.4 Advise the Board on the appointment, re-appointment, dismissal and remuneration of the external auditor.
- 5.5 Advise the Board on the need for and then, where appropriate, the appointment, re-appointment, dismissal and remuneration of an internal auditor or other assurance provider.

## **6. DETAILED RESPONSIBILITIES - FINANCE**

The Finance and Audit Committee shall consider and advise the Trust Board on the following specific matters:

- 6.1 The monthly management accounts of the Trust and its Academies and subsidiaries, including any proposed actions required to address any adverse variances from budget plan.
- 6.2 The revised forecast of estimated income and expenditure for the full year for the Trust, its Academies and subsidiaries, including any proposed actions required to address any adverse variances from budget plan.
- 6.3 The setting of the annual budget and 3 year plan for the Trust, its Academies and subsidiaries with the view of achieving the Thrust's financial objectives, in advance of submission to the Education and Skills Funding Agency (ESFA).
- 6.4 The annual audited financial statements of the Trust.
- 6.5 Monitoring and updating of financial policies, procedures and financial regulations of the Trust, its Academies and subsidiaries.

6.6 To consider any other matters that can have a financial impact on the Trust, its Academies and subsidiaries.

## **7. DETAILED RESPONSIBILITIES - AUDIT**

The Finance and Audit Committee shall consider and advise the Trust Board on the following specific matters:

7.1 Recommend to the Board the appointment or reappointment of the external auditors of the Trust.

7.2 Review the external auditor's letter of engagement and annual planning documents and approve the planned audit approach.

7.3 Review all reports received from the external auditor (e.g. annual reports, management letter) and consider any issues raised, including audit recommendations and the associated management response and action plans. Reports should be referred to the Board for information or action.

7.4 Recommend to the Board the appointment or reappointment of the internal auditors of the Trust.

7.5 Review the internal auditor's planned schedule of work for the year and approve the planned audit approach.

7.6 Review all reports received from the internal auditor (e.g. annual reports, internal control findings) and consider any issues raised and the associated management response and action plans. Reports should be referred to the Board for information or action.

## **8. DETAILED RESPONSIBILITIES – RISK MANAGEMENT**

The Finance and Audit Committee shall consider and advise the Trust Board on the following specific matters:

8.1 Annual review of the Trust's risk management systems including arrangements for risk management, control and governance processes.

8.2 Review, monitoring and assurance of the Trust's Risk Register.

8.3 Review of the Trust's Scheme of Delegation and recommending any changes to Board for approval.

8.4 Annual review of all insurance arrangements.

## **9. DETAILED RESPONSIBILITIES – OTHER**

The Finance and Audit Committee shall consider and advise the Trust Board on the following specific matters:

9.1 Review of other significant financial or related reports or submissions that have a strategic impact on the Trust, its Academies and its subsidiaries and are likely to involve the Department for Education, Education and Skills Funding Agency, Suffolk County Council (and other local authorities), Companies House, HMRC or similar regulatory bodies.

- 9.2 Recommend to the Board any changes to Trust structure including the acquisition of new Academies and setting up of new trading subsidiaries. Any recommendation to include a review of risk and due diligence processes.
- 9.3 Review proposals and recommend to the Board any acquisition or disposal of land to be used by the Trust.
- 9.4 Review the Trust's Fraud Response Plan and Whistleblowing Policy and ensure all allegations of fraud, irregularity or misconduct are managed and investigated appropriately.
- 9.5 Review annually the Financial Regulations, as they apply to the Trust.

**10. APPENDIX A – PRE-AGREED SCHEDULE OF ACTIVITIES**

	Meeting / Half Term					
	Autumn		Spring		Summer	
	1	2	3	4	5	6
<b>FINANCE</b>						
Finance Reports:						
➤ Management Accounts	✓	✓	✓	✓	✓	✓
➤ Forecasts	✓	✓	✓	✓	✓	✓
Annual Financial Statements:						
➤ Review Progress	✓					
➤ Approve		✓				
Budget:						
➤ Planning / Preparation					✓	
➤ Finalise / Sign Off						✓
Ad Hoc:						
➤ Proposals / Reports	✓	✓	✓	✓	✓	✓
<b>AUDIT</b>						
Statutory Audit:						
➤ Review findings of external auditor			✓			
Internal Audit:						
➤ Scoping work	✓					
➤ Review findings			✓			✓
<b>RISK</b>						
Risk Management Systems	✓					
Insurance	✓					
Risk Register: Review / Update	✓	✓	✓	✓	✓	✓
<b>POLICIES / PROCEDURES</b>						
Review Financial Policies	✓					
Review Financial Procedures	✓					
Review Academies Financial Handbook	✓					
Review Whistleblowing Policy		✓				
Review Trust's Fraud Response Plan		✓				
<b>OTHER</b>						
Reports: As Required	✓	✓	✓	✓	✓	✓