

## **FINANCE, AUDIT & RISK COMMITTEE CONSTITUTION**

### **ROLE**

1. The Finance, Audit & Risk Committee is responsible on behalf of the Governing Body for the Academy Trust public finances and financial risk.

### **COMPOSITION**

2. The Committee is to consist of:

a. At least five governors, including at least one Foundation Governor, and the Headteacher.

b. In attendance (non-voting): the Bursar.

c. At least one member of the Committee should also serve on the Pay & Staffing Committee.

3. In addition, the Committee may from time to time co-opt persons with particular expertise or to make a quorum. Any co-opted members are not eligible to vote unless they are governors.

4. A quorum is three Governors (but staff members may not vote on audit and risk matters).

### **CHAIR AND VICE CHAIR**

5. The Chair and Vice-Chair are to be elected in accordance with the Governing Body's Standing Orders.

### **MEETING FREQUENCY**

6. The Committee is to meet at least three times each year.

### **TERMS OF REFERENCE**

7. The Committee Terms of Reference (TOR) are listed in this Section.

8. Oversee all aspects of the finances of the School including medium- and long-term financial planning, internal scrutiny, audit and financial risk.

9. Consider and recommend to the Governing Body the annual budget for the School and, at the 6-month point, consider whether to request authority from the Governing Body for any departure from the budget.

10. Monitor the performance against the annual budget by consideration of regular income and expenditure statements and cash-flow statements and make any minor adjustments in the budget as may be required from time to time.

11. Ensure, as far as is within its competence, that the financial procedures and arrangements required by law, by the DfE, by the Auditors and by other authorities are in place and are being properly implemented.

12. **Internal Scrutiny.** Recommend to the Governing Body the appointment of a professional Internal Auditor (IA) to provide internal scrutiny as required by the Academies Financial Manual. The IA must have indemnity insurance but must or not be the firm or employed by the firm that conducts the annual audit. Regarding internal scrutiny the committee is to:

a. Direct the Academy Trust's programme of internal scrutiny, which will normally take the form of an inspection schedule approved annually.

b. Require an IA report at least once per term.

- c. Ensure that risks are being addressed appropriately through internal scrutiny including risks other than financial ones, such as technology resilience.
- d. Consider and agree actions on each IA report, on the findings of the external auditor and from any other assurance activities and subsequently consider progress on agreed actions at subsequent meetings.
- e. Report to the Governing Body on the quality and adequacy of the Academy's internal control framework, including financial and non-financial controls and management of risks.
- f. Report any serious concerns, particularly any which relate to potential fraud or similar misconduct, immediately directly to the Chair or, if relating to the conduct of the Chair, to the Vice Chair.
- g. Liaise with the Auditors as required and in particular consider the draft annual accounts in conjunction with them and recommend the accounts to the Governing Body.
- h. Authorise the Chair of the Committee to sign, on behalf of the Governing Body, any financial statements, other than the annual accounts, which might be required by the DfE or any other regulatory body.

13. **Delegated Authority.** The Committee has delegated executive powers to:

- a. Make minor adjustments to the budget. Minor adjustments are defined as: transfers between line items including a 'contingencies' line item and also spending more than an in-year surplus/deficit by up to £10,000.
- b. Agree the IA TOR and audit plan (see Paragraph 13 above) and, if the Bursar acts as the Secretary to the Governors, require IA reports to be sent direct to the Chair, copy to the Bursar.
- c. Agree all financial statements and reports except the annual accounts.
- d. To make miscellaneous financial decisions within Budget (e.g. write-offs).
- e. To enter into contracts within Budget above £75,000. (The Headmaster has delegated authority for contracts under £75,000 within Budget).
- f. To approve the Financial Procedure Manual.
- g. To investigate irregularities (other than if the Headmaster is suspected).
- h. Review and approve the Charges & Remissions Policy annually and any other policies for which the Link governor sits on the Committee.

14. **Audit and Risk.** Be responsible for the following in connection with oversight of external audit findings and assessment of financial risk:

- a. Reviewing the external auditor's plan.
- b. Reviewing the annual report and accounts.
- c. Reviewing the auditor's findings and actions taken by the Academy Trust in response.
- d. Assessing the effectiveness and resources of the External Auditor including the auditor's sector expertise and their understanding of the Academy Trust and its activities.
- e. Producing an annual report of the Committee's conclusions to advise the Board.
- f. Recommend reappointment or dismissal of the Auditors.

15. **Liaison.** Require advance information from other committees of the Governing Body or from the School on all matters which can be deemed to have a material financial implication if implemented.
16. **Report to Governing Body.** Make appropriate, regular reports of discussion, actions and/or recommendations to the Governing Body.
17. **Voting Procedure.** Only Governors may vote. Staff governors (including the Headmaster) may not vote on audit and risk matters. In the event of a tie, the Chairman of the meeting shall have a casting vote.
18. **Chair's Action.** In consultation with the Headteacher, the Chair shall have the power to act in all matters relating to the terms of reference of the Committee when urgent action is needed in the interests of the School. Any such action is to be reported at the next meeting to be considered for ratification.