

# Audit, Risk and Resources Committee

## Terms of Reference

### 1. Membership

1.1 The membership of the Audit, Risk and Resources Committee will be a minimum of three Trustees, excluding the CEO. Employees of the Trust should not be Audit, Risk and Resources Committee members, but the accounting officer (CEO), chief operating officer (COO) and deputy chief operating officer (DCOO) should attend to provide information and participate in discussions; however, will not have any voting privileges.

1.2 The Chair of the Trust Board should not be chair of the Audit, Risk and Resources Committee.

1.3 At least one member of the Audit, Risk and Resources Committee should have recent or relevant accountancy, or audit assurance, experience.

1.4 Any Trustee may attend a meeting of the Audit, Risk and Resources Committee, including those who are not members of the Audit, Risk and Resources Committee.

1.5 On appointment committee members are each required to familiarise themselves and to agree to comply with: Trust Articles of Association, Trust Master and Supplementary Funding Agreements, Trust Financial Regulations, Academy Trust Handbook, these Terms, current relevant financial legislation and guidance for academies.

### 2. Quorum

2.1 The quorum will be 3 members, one of whom must be the Committee Chair or Vice Chair.

### 3. Chair

3.1 The Trust Board shall appoint the Chair annually, noting any recommendation from the Committee and they shall be appointed at the first meeting of the Trust Board each school year.

3.2 The Vice Chair will be elected by the Trust Board annually and lead the meeting in the absence of the Chair.

3.3 The Trust Board shall have the right to remove the Chair and/or Vice Chair of the Committee, specifically in circumstances where they have cause for concern that there is financial mismanagement within the Trust.

### 4. Appointment of a Governance Professional

4.1 The Trust Board shall appoint a Governance Professional to the Committee.

4.2 The Governance Manager will clerk all meetings of the Audit, Risk and Resources Committee. In the absence of a Governance Professional the committee shall choose a clerk for that meeting from among their number (someone who is not the CEO).

### 5. Meetings

5.1 The Audit, Risk and Resources Committee will meet as often as is necessary to fulfil its responsibilities but at least once per academic term.

5.2 The Chair leads on and sets agenda items.

5.3 When decisions requiring a vote are raised, each member of the Audit, Risk and Resources Committee will have one equal vote. Where there is an equal division of votes, the casting vote resides with the Chair. Attendance / voting cannot be by proxy.

5.4 Any member of the Audit, Risk and Resources Committee may request that the Chair invites additional guests to attend to observe or contribute to a meeting (but this person will not have any voting privileges).

5.5 Resignations (actual or planned) should be announced at meetings. Any resignation does not become formal until approved and recorded in the meeting minutes.

5.6 The Governance Professional will make a record of all proceedings at each meeting. Minutes will be circulated to members within 10 school days of the meeting (or as agreed) and presented with the agenda for the next Audit, Risk and Resources Committee meeting.

5.7. Meetings considering pay matters should not be clerked by a member of the Audit, Risk and Resources Committee or the CEO.

5.8. The reasons for all pay decisions will be recorded in the minutes clearly but will remain confidential to the Audit, Risk and Resources Committee, the employee, and their advisors. Similarly, where an appeal is lodged, the decision and minutes relating to the appeal will remain confidential to the appeals panel, the employee, and their advisors.

5.9 Minutes will be electronically signed by the Committee Chair at the next meeting to verify that the minutes are a true record. These will be provided for review at Trust Board meetings.

5.10 Each question to be decided at a meeting of the Committee shall be determined by a majority of votes of members present and eligible to vote on the question. The Chair shall have the casting vote in the case of equal votes for and against the decision.

5.11 Members will note that their attendance at meetings is required to be disclosed in the Trust's annual accounts and financial statements.

## **6. Terms of Reference**

6.1 Reviewed annually by the Trust Board.

## **7. Roles and responsibilities of the Audit, Risk and Resources Committee**

7.1 To maintain an oversight of the Trust's financial, risk management, risk register and internal control systems

7.2 To report findings regularly and annually to the Trust Board and the accounting officer as a critical element of the Trust's annual reporting requirements.

7.3 The Audit, Risk and Resources Committee will be concerned with financial compliance of the Trust and the schools within it, the use of premises, grounds and extended Trust and school facilities, including Health and safety.

7.4 To consider safeguarding and equalities implications when undertaking all committee functions.

7.5 To review and approve policies as delegated by the Trust Board.

7.6 To act on matters delegated by the Trust Board.

7.7 The Committee shall exercise the powers, responsibilities and duties delegated by the Trust Board as set out in the Terms of Reference and Scheme of Delegation, and in particular there is an expectation that committee members will access any required training to ensure they have the skills required to fulfil the responsibilities of the committee.

7.8 The Audit, Risk and Resources Committee is authorised to request any information it requires from an external audit, internal scrutiny, or other assurance provider; obtain outside legal or independent professional advice it considers necessary, normally in consultation with the accounting officer and/or the Trust Board.

## **8. Financial policy and planning**

- 8.1 To approve policies relating to the Trust's financial governance and operation.
- 8.2 To establish and maintain a three-year financial plan, taking into the account priorities of the Strategic Plan, roll projection and signals from central within the constraints of available information.
- 8.3 To monitor a longer term view of the Trust's financial position consistent with the requirements to submit 3 year budget forecasts to the ESFA.
- 8.4 To review and recommend for approval to the Trust Board the annual budget with a specific responsibility to ensure that budgets do not go into cumulative deficit.
- 8.5 To review the budget forecast return prior to submission to the ESFA and delegate the submission to the CEO/COO.
- 8.6 To receive service level agreements.
- 8.7 To ensure the Trust adheres to the policies and procedures as specified by the Academies Trust Handbook and the funding agreements in place.
- 8.8 To ensure the Register of Business Interests is kept up to date.
- 8.9 To receive the Trust's Asset Management Plan.
- 8.10 To monitor the Trust's financial position by reviewing the monthly management accounts, to facilitate the monitoring of the Trust's actual financial performance compared with budgeted priorities and cash flow, and to take remedial action, as necessary. Such action will be reported to the Trust Board.
- 8.11 To review and monitor budget projections / medium term financial plans to ensure the Trust's budget is realistic and any financial decisions are sustainable, both centrally and at school level.
- 8.12 To review annually, and approve when required, the Trust's Financial Regulations and Financial Scheme of Delegation.
- 8.13 To ensure that funding received is used only in accordance with any conditions attached.
- 8.14 To ensure the Trust has appropriate internal financial controls in place and ensure they are subject to regular testing and management checks to protect against fraudulent or improper use of public money and assets.
- 8.15 To annually review all on going contracts (Including Local Authority Contracts).
- 8.16 To identify and propose to the Trust Board opportunities for the Trust to achieve financial and resource efficiencies to include the approval of contracts and purchases over the limit set in the financial regulations.
- 8.17 To review annually the Trust Business Continuity Plans and Critical Incident Plan.
- 8.18 To review the banking and various leasing agreement schemes and options available to the Trust.
- 8.19 To award contracts by tender up to a specified limit, referring any items above the delegated authorities to Trust Board.
- 8.20 To compare the Trust's, and schools within the Trust's financial performance with that of similar Trusts and to examine reasons for differences and act where necessary (Benchmarking) and ensure action is taken when the Trust's income, expenditure or workforce numbers are not in line.
- 8.21 To agree appropriate charges for lettings of the premises.
- 8.22 To monitor the Trust's progress in implementing changes as required by changing Data Protection laws and regulations (escalating any matters to Trust Board as required).
- 8.23 To ensure the Trust remains a going concern.
- 8.24 To support in the appointment of the Trust's Chief Financial Officer.
- 8.25 To ensure compliance with the Schools Resource Management Self-Assessment Tool,
- 8.26 To ensure adequate financial due diligence has been carried out for any schools who may be considering joining the Trust.
- 8.27 To have oversight and monitor the Trust's investments ensuring they are in line with the Trust's Investment Management policy.

## **9. Premises**

9.1 To review and monitor a Health and Safety policy and ensure that the Trust and schools within fulfil their obligations under all Health and Safety legislation and ensure that regular inspections are carried out, with any recommendations implemented.

9.2 To monitor and evaluate the implementation and effectiveness of premises' plans, such as the Condition Survey, and the ICT Strategy.

9.3 To monitor and review all aspects of maintenance and improvement or repair to the buildings, grounds, and plant.

9.4 To ensure that the Trust Board's responsibilities regarding litter, refuse and dog excrement are discharged according to Section 89 of the Environmental Protection Act 1990, so far as is practicable.

9.5 To keep under review the security of the Trust and schools.

9.6 To receive reports on the work of the Trust's Estates and ICT teams.

9.7 To consider and make recommendations to the Trust Board on any proposals for the acquisition or disposal of buildings and sites.

## **10. External Audit**

10.1 To prepare a report on the performance of the external auditors for the Trust Board and Members recommending their appointment, dismissal or a retender process,

10.2 To plan and oversee the statutory audit of the Annual Accounts for the Trust,

10.3 To review and recommend to the Trust Board the audited Annual Accounts and Financial Statements in accordance with relevant statute and regulation, to review and recommend to the Trust Board the Trustees Report that accompanies the annual accounts,

10.4 To prepare and recommend to the Trust Board and implement the Trust action plan in response to the auditor's management letter; review the external auditor's plan each year; review the annual report and accounts; review the auditor's findings and actions taken by the Trust's SLT in response to those findings.

## **11. Internal scrutiny**

11.1 Take delegated responsibility on behalf of the Trust Board for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the Trust is complying with the overall requirements for internal scrutiny, as specified in the Academy Trust handbook

11.2 Review/agree an annual programme of internal scrutiny, which is objective and independent, covering systems, controls, transactions, and risks.

11.3 To approve the Trust's internal auditor

11.4 Advise the Trustees on the adequacy and effectiveness of the Trust's systems of internal control, governance, and risk management processes.

11.5 Consider the appropriateness of executive action following internal scrutiny reviews and to advise the Board on any additional or alternative steps to be taken

11.6 Undertake the annual review of the effectiveness of the internal scrutineer and decide whether to reappoint the internal scrutineer.

11.7 To and scope of internal scrutiny checks to be carried out.

11.8 To receive internal audit reports and monitor action plans to ensure any control weaknesses are addressed.

11.9 To review the annual internal audit summary report prior to its submission to the ESFA.

## **12. Risk**

12.1 Conduct a review of the risk register at each meeting and monitor that mitigating actions are taken.

12.2 Monitor the effectiveness of risk management policy and processes

12.3 Review any risks to the Trust's systems of internal control and agree a programme of work to address, and provide assurance on, those risks to the Trust Board as appropriate review, monitor and assess periodically major aspects of risk such as:

- damage to the Trust's reputation
- loss of funds
- changes in government policy
- risks to standards, systems and controls that may arise from expansion.

## **13. Personnel Matters**

13.1 To ensure that the staffing structure within each school is commensurate with the needs of the Trust based on pupil numbers and policy to review and challenge pupil number estimates at least termly.

13.2 To ensure that the central MAT staffing structure is commensurate with the needs of the Trust and the number of schools within it.

13.3 To follow established procedures when advertising, selecting, and appointing new members of staff i.e. CEO, Headteachers and Central Staff.

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

13.5 To review and approve HR related Trust policies.

## **14. Pay Matters**

14.1. To establish a Pay Policy for all categories of staff.

14.2. To determine, monitor and review the Trust staffing structure (Central and in each school) setting out the number and pay ranges for all posts within in a formal document.

14.3. To agree, determine, monitor, and review staff salaries and allowances in accordance with the Trust Pay Policy, including annual pay progress for Teachers and applications to be paid on the Upper Pay Range on recommendation of the Headteacher and including the CEO and Central Staff.

14.4. To ensure pay and allowances decisions made by the Audit, Risk and Resources Committee are communicated to each member of staff in writing in accordance with the STPCD (where relevant).

14.5. To monitor the annual pattern of performance pay progression at each level and the correlation between pay progression, quality of teaching and outcomes for pupils.

14.6. To consider the provisions of the Equality Act 2010 in relation to equal pay issues as advised in the 'Implementing your school's approach to pay' DfE advice note.

14.7. To determine and review a Pay Appeals Committee, terms of reference and a Pay Appeal Procedure.

## **15. Other responsibilities**

15.1 Consider appropriate actions following any serious incidents, including fraud, which are reportable to the Education and Skills Funding Agency or would have a major financial or reputational risk to the Trust

15.2 Ensure that all significant losses have been properly notified and investigated as required by the ATH

15.3 Report back to Trustees at all Trust Board meetings.