



# **SPECIALIST LEARNING TRUST**

## Finance, Operations and Audit Committee Terms of Reference

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## The role of the committee

The finance and audit committee is responsible for financial oversight and scrutiny, with a focus on financial planning and risks, reporting and monitoring.

Academy boards are required to establish and appoint an audit and risk committee. Where the annual income is less than £50 million, this can be combined with another committee. The Specialist Learning Trust combines this with the finance and operations committee.

The board of trustees will not delegate overall financial responsibility for the trust's finances to the finance and audit committee. The committee's delegated powers are set out in the trust's Scheme of Financial Delegation.

## Duty description

The committee is authorised by the board of trustees to:

- Investigate any activity within its terms of reference.
- Seek and obtain any external legal or independent professional advice as necessary.
- Report to the board of trustees on the proceedings, recommendations and decisions of the committee.

## 1. Membership and quorum

- 1.1 Members of the committee shall be appointed annually by the Board of Trustees at the first meeting in the autumn term.
- 1.2 Members of the committee will hold office from wither the date of their appointment until their resignation, or their omission from membership of the committee on subsequent consideration by the governing board – whichever occurs first.
- 1.3 The minimum number of trustees on the committee will be three. This will be to ensure that there is an adequate number of members to hold a majority when voting on matters discussed by the committee.
- 1.4 Employees of the trust are not permitted to be members of the audit committee; however, the accounting officer/headteacher and chief financial officer will be expected to attend meetings to provide information and participate in discussions.
- 1.5 The chair of the board is not permitted to be the chair of the audit committee.
- 1.6 The membership of the committee may include persons who are not trustees, and who have been approved by the board of trustees, provided that a majority of members of the committee are trustees.
- 1.7 The quorum of the committee will be three members within the committee. Note that the accounting officer/headteacher is excluded as a voting member for the audit committee part of the meeting.
- 1.8 Only appointed members of the committee will have the right to vote on any matters. The committee may appoint non-voting members who are able to provide advice to the committee – any non-voting members will be approved by the board of trustees.
- 1.9 Associate members may be members of the committee – they are able to offer advice to the committee but will only have voting rights as determined by the board of trustees.

## 2. Meetings

- 2.1 The committee shall meet as often as is necessary to fulfil its responsibilities, routinely six times (half termly) each academic/financial year.
- 2.2 The frequency and dates for committee meeting will be decided before the first autumn term of the academic year.
- 2.3 The clerk to the committee will circulate an agenda, copies of minutes of the previous committee meeting, any papers to be considered no fewer than five working days prior to the meeting.
- 2.4 The clerk will take minutes during committee meetings. The minutes will be approved by the chair of the committee before being circulated to committee members and the board of trustees.
- 2.5 Confidential minutes will only be shared with committee members who were present at the meeting where the confidential item was discussed.
- 2.6 The committee may invite non-members to assist or advise on a particular matter. These attendees will not be entitled to vote on any matters.
- 2.7 The external and internal auditors shall be invited to attend meetings as appropriate, and be given the opportunity to raise any issues they wish to discuss in the absence of management.
- 2.8 The external or internal auditors may request a meeting of the committee, and meet with the committee without management being present, if they consider it necessary.
- 2.9 All meetings shall be conducted to an agenda approved by the chair.
- 2.10 The committee will make the agendas, approved minutes and any reports, documents or papers considered for each meeting available for public inspection in line with the 'Academy Trust Handbook'. This excludes any material relating to a named employee, proposed employee, pupil or candidate for admission or referral to the academy, and any matter which committee members are satisfied should remain confidential.
- 2.11 Every matter to be decided upon will be determined by a majority vote – where there is an equal division of votes, the chair will have the deciding vote. Each member of the committee that is present at the meeting will be entitled to one vote.
- 2.12 A register of attendance will be kept for each meeting, and this will be published on the trust's website on an annual basis.

## 3. Responsibilities - Finance Committee

- 3.1 To consider and advise the Board of Trustees on all aspects of the Trust's finances, financial policies, financial regulations, controls and strategy in accordance with the Articles of Association, Academy Trust Handbook and Funding Agreement.
- 3.2 To establish a three-year budget plan that aligns with the priorities of the trust's strategic plans and recommend this to the board of trustees.
- 3.3 To draft and adopt a detailed annual budget plan which includes revenue and capital expenditure.
- 3.4 To make recommendations on the level and use of contingency funds or balances, ensuring proposals for expenditure are in line with the development priorities outlines in the trust's strategic plan.
- 3.5 To consider the academy's indicative funding, notified via the Department for Education (DfE) and draw any significant matters or concerns to the attention of the board of trustees.
- 3.6 To determine whether sufficient funds are available to pay for staff pay increments.
- 3.7 To monitor the income and expenditure throughout the year of all delegated and devolved funds against the annual budget plan.

- 3.8 To recommend and evaluate the allocation of pupil premium funding within the annual budget.
- 3.9 To hold the trust to account for spending of pupil premium funding and associated outcomes.
- 3.10 To review the rates charged for the lettings of premises within the trust.
- 3.11 To oversee the effective financial management of the trust through the School Resource Management Self Assessment Tool (SRMSAT)
- 3.12 To review, on an annual basis, the trust's financial procedures relating to assets and disposals.
- 3.13 To review and maintain the trust's policies for budget management, procurement, assets and disposals, fraud and financial irregularity.
- 3.14 To identify any significant losses and ensure these are investigated and learnt from.
- 3.15 To review the trust's risk register and internal financial controls and make recommendations based on any findings to the board of trustees.
- 3.16 To approve expenditure requests as necessary.
- 3.17 To approve the allocation of capital funds for capital projects, if delegated by the board of trustees.
- 3.18 To monitor the expenditure of reserve funds kept by the trust.
- 3.19 To approve the award of certain high-cost contracts, as outlined in the trust's scheme of delegation as delegated by the board of trustees.
- 3.20 To review the reports from the CFO regarding the spending of the trust's budget throughout the academic year and report the finding to the board of trustees.
- 3.21 To report any significant anomalies in the performance of the trust against the annual budget to the board of trustees.
- 3.22 To receive and respond to audit reports on the delegated and devolved funds and non-public funds.
- 3.23 To prepare financial statements for filing in accordance with the requirements sent by Companies House, the DfE and the Charity Commission.
- 3.24 To prepare a programme of work that will provide assurance to the relevant stakeholders on the integrity of the trust's financial systems and demonstrate that risks are being minimised.

## 4. Responsibilities - Audit Committee

- 4.1 To direct the trust's programme of internal scrutiny and ensure that risks are being addressed appropriately through internal scrutiny.
- 4.2 To deliver internal scrutiny in a way most appropriate to the trust's circumstances and to ensure that those carrying out the programme of internal scrutiny are suitably qualified and experienced.
- 4.3 To report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risk.
- 4.4 To monitor the progress against audit recommendations.
- 4.5 To ensure that the internal scrutiny approach is confirmed in the governance statement, which accompanies the financial accounts.
- 4.6 To ensure that the programme of internal scrutiny informs the accounting officer's statement of regularity in the annual accounts.
- 4.7 To ensure the trust submits its annual summary report of the areas reviewed key findings, recommendations and conclusions to the DfE by 31 December each year when the audited accounts are submitted.
- 4.8 To ensure the board of trustees on the need for and, where appropriate, the appointment, re-appointment, dismissal and remuneration of, an internal auditor or other assurance provider.

- 4.9 To ensure the audited accounts are submitted to the DfE by 31 December each year and meet other statutory requirements.
- 4.10 To advise the board of the appointment, re-appointment, dismissal and remuneration of the external auditor.
- 4.11 To review the external auditor's annual planning document and approve the planned audit approach.
- 4.12 To consider any additional services delivered by the external auditor and ensure appropriate independence is maintained.
- 4.13 To ensure information submitted to the DfE that affects funding, including pupil number returns and funding claims completed by the trust, is accurate and in compliance with funding criteria.
- 4.14 To advise the board on accounting policies, the trust's accounts, and the trust's annual report, including the process for review of the accounts prior to submission for audit, and levels of error identified
- 4.15 To review and advise on the development of anti-fraud policies, whistleblowing processes and arrangements for special investigations.
- 4.16 To review termly the risk register for the trust and report to the board on the adequacy of the trust's risk management processes.

## 5. Responsibilities - Operations Committee

- 5.1 The board of trustees has a legal responsibility to ensure that the school is compliant with the appropriate health and safety legislation and government guidance. The committee will ensure that the board can effectively fulfil these responsibilities through its policies and procedures.
- 5.2 To provide support and guidance for the board of trustees and the headteacher on all matters relating to the maintenance and development of the premises and grounds, including health and safety.
- 5.3 To ensure that an at least annual inspection of the premises and grounds takes place and a report is completed, identifying any issues.
- 5.4 To inform the board of trustees of the report and set out a proposed order of priorities for maintenance and development, for the approval of the Board of Trustees.
- 5.5 To oversee the establishment and regular review of a Building Development Plan.
- 5.6 To oversee any major developments and ensure the safe and effective delivery of all capital works.
- 5.7 Ensure satisfactory arrangements are in place for statutory compliance checks, and that planned and reactive maintenance is completed as required.
- 5.8 To review, adopt and monitor policies relating to premises and safety, including but not limited to, Health and Safety Policy, Fire Safety Strategy, Emergency and Business Continuity planning.
- 5.9 Ensure that an effective system of risk management, including risk assessments is in place and is regularly reviewed.
- 5.10 To ensure that essential expenditure is agreed and committed for premises and safety works and that this expenditure is effectively monitored.
- 5.11 To inform the board of trustees about substantial risks, in terms of premises and safety, for inclusion on the school's risk register and for management as part of the school's risk management approach.

## 6. Monitoring and review

- 6.1 These terms of reference will be reviewed on an annual basis at the first meeting of the academic year by the board of trustees.