

South Essex Academy Trust Finance, Audit & Risk Committee

Terms of Reference 2020/21

Membership: The Finance and Audit Committee shall comprise of three Directors. The Meetings to be Chaired by a Chair nominated by the Directors

Quorum: Two Directors **Meetings:** One per term

Purpose:

To assist the decision making of the Board of Directors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Director's responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity.

To consider matters relating to internal control and auditors.

To make appropriate comments and recommendations on such matters to the Board of Directors on a regular basis as required.

Major issues will be referred to the Board of Directors for ratification.

Terms of Reference

Subject to the requirements of applicable legislation for Academies, the committee is authorised to perform:

Finance Responsibilities:

- 1) Initial review and authorisation of the annual budget (final approval must be by the Board of Trustees)
- 2) Receiving monthly management reports, to facilitate the monitoring of the Academy'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 Board of Trustees; in all cases liaison must be maintained with other appropriate committees.
- 3) Reviewing and monitoring of budget projections / medium term financial plans to ensure the Academy's budget is realistic and any financial decisions are sustainable.
- 4) Ensuring the annual accounts and returns are produced in accordance with the requirements of the Companies Act 1985 and the ESFA guidance issued to academies;
- 5) Authorising the award of contracts and leases over £30,000 over the contract / lease lifetime
- 6) Authorising changes to the academy personnel establishment
- 7) Apart from the annual budget which must be approved by the Board of Trustees, approval of cash flow forecasts and any other reporting requirements for the forthcoming financial year in accordance with the timescales dictated by the AFH / ESFA updates.
- 8) Determining the Academy's financial priorities through the Academy Development Plan (ADP) the Asset Management Plan (AMP) and ICT Development plan.
- 9) Making decisions on requests from other committees that will have an impact on the Academy's financial position.
- 10) Making decisions on expenditure within the Committee's delegated powers.
- 11) Making decisions on virements within agreed budgets, within the Committee's delegated powers, and authorising any budgetary adjustments made.

- 12) Advising the Board of Trustees on the appropriateness, or otherwise, of virements to be made outside of the Committee's delegated powers.
- 13) Reviewing annually the Academy's Financial Regulations and Scheme of Delegation.
- 14) Reviewing annually the Terms of Reference of the Finance & Audit Committee.
- 15) Ensuring the Register of Business Interests is kept up to date.
- 16) Annually reviewing all ongoing contracts.
- 17) Reviewing the various leasing agreement schemes and options available to the Academy.
- 18) Awarding of contracts by tender up to a specified limit.
- 19) Monitoring **all** spending and income received in the Academy including Trading Accounts
- 20) Ensuring that funding from the ESFA and other sources is used only in accordance with any conditions attached.
- 21) Receiving and commenting on the content of any audit report or Responsible Officer report relating to ESFA funding and monitoring the implementation of the agreed action plan. These reports must also be reported to the Board of Trustees.
- 22) Annually reviewing and appointing the independent external auditor to the Academy
- 23) Agreeing and determining appropriate charges for lettings of the premises, in line with the Academy's lettings policy.
- 24) Ensuring the Academy has appropriate internal financial controls in place and adheres to the policies and procedures as set out within the AFH, Dear Accounting Officer letters and ESFA updates.

Audit Responsibilities:

- 25) reviewing the trust's internal and external financial statements and reports to ensure that they reflect best practice
- 26) assess the effectiveness and resources of the external auditor, including their sector experience, understanding of the trust and its activities, knowledge and integrity of partners and staff, ability to robustly challenge trust staff;
- 27) discussing with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff
- 28) considering all relevant reports by the appointed external auditor, including reports on the trust's accounts, achievement of value for money and the response to any management letters, and the actions taken/planned by the trust's managers in response;
- 29) reviewing the effectiveness of the academy's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner
- 30) directing the trust's programme of internal scrutiny and reporting to the board on the adequacy of the trust's financial and other controls and management of risks; this must be extended to cover the constituent academies of the MAT
- 31) receiving and commenting on the content of any audit report relating to ESFA funding and monitoring the implementation of the agreed action plan. These reports must also be presented to the Board of Trustees.