



SOUTH ESSEX ACADEMY TRUST

> collaboration > challenge
> perseverance > innovation

Terms of reference for the Finance, Risk and Audit (FRA) Committee of South Essex Academy Trust (SEAT)

1. General terms

- To assist the decision making of the board of directors, by enabling more detailed consideration of matters delegated to the committee.
- To act on matters delegated by the board of directors.
- To make recommendations to the board of directors.
- To liaise and consult with other committees where necessary.
- To consider safeguarding and equalities implications when undertaking all committee functions.

2. Quorum and voting

- The quorum for each meeting will be three directors.
- The chair will have a casting vote on any equality of votes.
- Any decisions taken must be determined by a majority of committee members present and voting - but no vote can be taken unless a majority of those present are directors.
- No member of the committee may participate or vote in discussions and decisions where s/he has a pecuniary or other interest.

3. Membership

- At least three and no more than five directors plus other non-directors appointed to the committee by directors as required, however the majority of members of the committee shall be directors.
- Committee membership will be published on the trust website.
- No member of the committee who is also an employee can participate in discussions and decisions related to audit.

4. Chair

- The chair of the committee will be appointed by the board of directors.

5. Meetings

- The FRA committee will meet once in each half term as set out in the governance calendar and additionally as required by the board of directors.
- The committee meetings will not be open to the public, but minutes shall be made available on request.
- Information relating to a named person or any other matter that the committee considers confidential does not have to be made available for inspection.
- Agendas and associated papers for forthcoming meetings will be made available to all committee members at least seven days in advance of the meeting.

- Committee papers will be available to all directors (not just those on the committee)
- In the absence of the chair, the committee shall choose an acting chair for that meeting from among their number.
- In the absence of the clerk the committee shall choose a clerk for that meeting from among their number (someone who is not the headteacher/principal).
- The draft minutes of each meeting will be circulated to committee members once agreed by the chair and CEO.
- Agreed minutes will be approved and signed by the committee chair at the next committee meeting.
- Agreed and/or approved minutes will be presented to the board of directors at their next meeting.
- The chair of the committee (or in his/her absence another member of the committee) will report to the board of directors any recommendations made by the committee and any delegated decisions taken by the committee.

Committee tasks and duties

Subject to the requirement of applicable legislation for Academy trusts, the committee is authorised to perform the following tasks and duties:

Finance

- Ensure compliance with Academies Trust Handbook (ATH)
- Initial review and authorisation of the annual budget (final approval rests with the board of directors)
- Monitor adherence to the budget.
- Receive monthly management reports to facilitate the monitoring of the trust's actual financial performance compared with budgeted priorities and cash flow, and to approve remedial action as necessary. Such action will be reported to the Board of Directors; in all cases liaison must be maintained with other appropriate committees.
- Review and monitor budget projections and medium- term and long-term financial plans to ensure the budget is realistic and that the trust remains a going concern and financially sustainable.
- Report any concerns regarding financial sustainability to the board of directors without delay.
- Review and recommend to the board interim year end financial reports prior to audit.
- Review and recommend to the board the audited annual accounts and financial statements in accordance with relevant statute and regulation.
- Review and recommend to the board the directors' report.
- Approval of cash flow forecasts and any other reporting requirements in accordance with timescales dictated by the ATH/ ESFA, unless where ATH / ESFA dictates that approval is required by the board of directors.
- Determine the trust's financial priorities through the Trust Strategic Plan the Asset Management Plan (AMP) and the ICT development plan.
- Review and approve policies delegated to the committee in the Scheme of Delegation.
- Make decisions on requests from other committees that will have an impact on the trust's financial position.
- Approve expenditure in accordance with the financial scheme of delegation.
- Make decisions on virement within agreed budgets, in accordance with the financial scheme of delegation, and authorising any budgetary adjustments made.
- Advise the board on the appropriateness or otherwise of virements to be made outside of the committee's delegated powers.

- Review annually the trust financial regulations and financial scheme of delegation for approval by the board of directors.
- Ensure the register of business interests is kept up to date and that the required information is published on the trust website.
- Review all ongoing contracts annually.
- Review leasing agreement schemes and options available to the trust.
- Monitor all spending and income received in the trust including trading accounts.
- Ensure that funding received from ESFA and other sources is used only in accordance with conditions attached.
- Agree appropriate charges for letting premises, in accordance with the trust lettings policy.

Audit

- Annually 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 and make recommendations to the board of directors.
- Consider 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 or planned by the trust in response.
- Review the effectiveness of the trust'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.
- Ensure the trust has appropriate internal controls in place and adheres to the policies and procedures as required by AFH, Dear Accounting Officer letters and ESFA updates.
- Direct the trust's programme of internal scrutiny and report to the board on the adequacy of the trust's financial and other controls and management of risks. This includes the constituent academies.
- Receive and comment upon any internal audit report and monitor the implementation of agreed action plans.

Risk

- Oversee a risk register for approval by the board of directors and ensure its regular review.
- Advise the board in its assessment of enterprise risks and determination of risk appetite as part of the overall setting of strategy for the trust.
- Report the most significant risks to the board.
- Review risk management policy for approval by the board of directors.

General

- Review annually the terms of reference of the FRA committee and make any recommendations to the board of directors.
- Report any risk relating to the committee's area of operations to the board of directors.