

Finance, Risk & Audit Committee: Terms of Reference

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Owner	Ian Hilton
Designation	CFO



Purpose

The Finance, Risk & Audit Committee is a formally constituted Committee of the Board of the Sovereign Trust to:

- Oversee overall financial performance and financial health, and promote the highest standards of financial propriety, risk management and internal control
- Support the board in ensuring the Trust acts in accordance with the Trust's Articles, Funding Agreements, vision, mission and values; and complies with relevant legislation, regulations, the Academies Financial Handbook and Education & Skills Funding Agency (ESFA) guidance
- Exercise oversight and provide an independent and objective view to the Board on the appropriateness, adequacy and effectiveness of the Trust's overall governance, risk management, financial management, internal control and assurance arrangements including reviewing the financial statements
- Oversee the work of the external auditors and other independent assurance providers

The Committee will be managed in a manner which draws distinct boundaries between discharging its specific Finance and Risk role, and that of a traditional Audit Committee role, including the change of Chair.

The Committee will discharge its roles in accordance with its Terms of Reference and the Scheme of Delegation and refer major issues to the full Trust Board for discussion and ratification and / or consider specific issues remitted by the Trust Board to the committee for detailed consideration.

The Committee will uphold the Vision, Mission and Values of the Trust, and serve the interests of the Trust and be accountable to the Trust Board.



Membership

Membership of the Committee shall be agreed by the Board and shall comprise:

- At least 3 trustees (at least one of whom is independent and not connected with individual schools or Trust officers upon appointment), plus at least 1 independent member not drawn from the trustee body or schools, one of whom must be appropriately financially qualified
- One of the non-executive trustees will chair the Finance and Risk work, while an independent member shall chair the Audit Committee work
- The Chair of the Board of the Sovereign Trust may not be a member of the Committee
- Membership relating to the Audit Committee role must exclude any Trustees with an executive role

Quorum

The quorum for meetings shall be 3 members present in person or by appropriate virtual means. For the Audit Committee work, this must include an independent member.



Meetings

The following persons will attend the Committee meetings by invitation:

- Chief Executive Officer
- Chief Financial Officer
- Head of ICT
- Company Secretary
- HR Officer/Consultant
- Auditors

There shall be at least four meetings within each Academic Year, to feed into Board of Trustees meetings and relevant accounting deadlines, such as approval of Annual Report & Accounts and ESFA Budget Returns.

Additional meetings may be called by one of the Chairs of the Committee, or at the request of the Trust Board.

The Committee shall at least once a year review its own performance, constitution, terms of reference and membership to ensure it is operating effectively and has the appropriate levels of skills and experience, and report to the Board.

At least once a year the Committee when carrying out its Audit role shall set aside time in a scheduled meeting to meet the external auditors without members of the Executive present. The external auditor may request a meeting at any stage of the year if considered necessary.

The Committee will normally prepare a work plan for the year and keep this under review at each meeting.



Meetings

The Committee:

- Shall promote a culture of best value, accountability, probity and transparency throughout the Trust's operations and among its staff and Officers
- May carry out any investigation considered necessary and call any individual or document relevant to any such investigation in order to meet the purpose and remit detailed above
- Has the right to ask those 'in attendance' to leave, especially during presentations by, or discussions with, the auditors
- Will act within its Terms of Reference and the Scheme of Delegation approved by the Board
- Will appoint one of its members to chair Finance and Risk, and an independent member to chair Audit



Duties continued

Finance and Risk

- To oversee the management of the Trust's financial affairs (with the year end being 31 August) and longer term financial planning
- To ensure the proper and timely preparation of the Trust's Annual Report & Accounts and budgets in good time for relevant deadlines
- To advise, guide and receive information from the Directors of any subsidiary or trading company
- To advise regarding any funding submissions or applications
- To receive and approve the Trust budgets and accompanying commentary prior to final submission to the Board of Trustees and the ESFA
- To receive the Trust's management accounts and accompanying management report, discuss any variances to budget and agree any actions necessary to improve the Trust's financial performance
- To receive and approve any investment expenditure budgets and accompanying commentary and to receive regular reports from the Executive Management team on progress with any major investment projects (i.e. over £25,000)
- To review and develop the Trust's systems of financial delegations, procedures and systems of internal control and assurance
- To oversee and advise the Trust Board on its overall approach to risk management, any risk exposures of the Trust and any actions necessary to mitigate such risks including future risk strategy
- To keep under review the overall risk assessment processes that inform the Trust Board's decision-making.
- To review and approve appropriate risk management policies and procedures, monitor the compilation and implementation of the Risk Register and resulting action plans
- To receive annually a report on Health & Safety, Safeguarding and Information Governance issues noting actions and progress
- To make other decisions relating to finance or risk as delegated by the Trust Board
- To receive any relevant reports from the Executive Management Team or other meetings.
- Abide by and ensure compliance with the Trust's governing documents, the Funding Agreements, Academies Financial Handbook and any ESFA guidance documents.



Duties continued

Audit

- To keep under review the appropriateness, adequacy and effectiveness of the Trust's overall governance, risk management, control and assurance arrangements including financial reporting, accounting policies, and counter fraud and whistleblowing policies.
- To review the terms of reference, scope and work plans of the external auditor, responsible officer (or internal audit if applicable), oversee the appointment including scrutiny of the audit budget and auditor's fee, and monitor the performance, of the auditors or other assurance providers and make recommendations to the Board as necessary.
- To consider the findings and recommendations of the auditors or other assurance providers, management responses, and review progress of agreed actions against recommendations to ensure timely implementation.
- To offer an ultimate port of call for any urgent or highly sensitive concerns raised under the Trust's whistleblowing policy in respect of the Trust's integrity, financial or otherwise.
- To review the annual financial statements, Statement of Internal Control and external auditor's report to satisfy itself that the statements present a true and fair view, that it can reasonably sign the letter of representation, before formal consideration by the Board providing any advice as necessary.



Duties continued

Resources

- Any financial resources, as identified within the annual budget, necessary to achieve the Committee's objectives.
- Any management resources necessary to achieve the Committee's objectives.
- Appointment of other professional advisors as required to perform its role effectively.
- Chief Financial Officer to draft papers and reports for the Committee in conjunction with the Chair, Chief Executive and Company Secretary.
- Company Secretary to take minutes and collate papers for meetings.

Reporting Procedures

- The Clerk to the Committee shall circulate minutes of the meetings of the Committee to the Trust Board
- The Chairs of the Committee shall give an oral summary of the Committee's deliberations, if necessary, at meetings of the Trust Board and at the AGM and shall prepare a summary for inclusion in the Trust's Annual Report

