

Terms of reference of the Audit and Finance Committee

1. Constitution

1.1. The Audit and Finance Committee is responsible for advising the Trust Executive Board on matters relating to audit and finance arrangements, systems of internal control and to advise and to ensure the sound management of the Trust's finances and resources, including proper planning, monitoring and probity.

1.2. The Audit & Finance Committee is responsible to the Trust Board. Meetings will be at least termly.

1.3. The Terms of Reference are adopted by the Board and will be reviewed annually.

1.4 The clerk will provide papers at least 7 days prior to meetings and send out minutes within 7 days.

1.5 The quorum for meetings is 3 members.

2. Authority

2.1. The Committee will report to the Board on any decision taken in accordance with the Scheme of Delegation and delegated powers. The Audit and Finance Committee is authorised to investigate any activity within its terms of reference or specifically delegated to it by the Board. It is authorised to request any information it requires from any Director, governor, employee, external audit, internal audit or other assurance provider.

2.2 The Audit & Finance Committee is authorised to obtain any outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer and/or Chair of the Trust Board.

3. The Main Duties of the Audit and Finance Committee:

3.1. To carry out its responsibilities in line with the Academies Financial Handbook, the Trust's Financial Procedures and in compliance with the Funding Agreement.

3.2. To ensure sound management of the Trust's finances and resources, including proper planning, monitoring, probity and value for money.

3.3 To advise the Trust Board on specific remuneration packages of the CEO, SIO and Headteachers to ensure staff are fairly rewarded for their individual contributions to the Trust's overall performance.

3.4 To demonstrate publicly that the pay of senior staff is set by a committee which has no personal interest in the outcome of its decision and gives due regard to the interests of the public and financial health of the Trust.

3.5 To advise the Board and Accounting Officer on the adequacy and effectiveness of the Trust's governance, risk management, internal control and value for money systems and frameworks. An annual report will be produced by the Audit & Finance Committee in this regard;

3.6 To advise the Board on the appointment, re-appointment, dismissal and remuneration of the internal auditor, external auditor or other assurance provider;

3.7 To advise the Board on an appropriate programme of work to be delivered by Auditors including the functions of the Trust Responsible Officer. This will be derived from the Committee's review of the key risks faced by the Trust and the assurance framework in place;

Detailed Responsibilities

4. Audit

4.1. To ensure that appointed auditors comply with the standards set by the Chartered Institute of Internal Auditors and review and approve coordinated auditors' work plans;

4.2 To receive reports (assignment reports, annual reports, management letters etc.) from the external auditor, internal auditor and other bodies (eg EFA), and consider any issues raised, additional services required, the management response and action plans;

4.3 To regularly monitor all outstanding audit recommendations and ensure plans to address them are reasonable;

4.4 To establish and monitor a framework to manage the performance of auditors or other assurance providers and to meet them independently at least annually;

4.5 To review the Trust's plan for responding to fraud and ensure that all allegations of fraud or irregularity are managed, investigated and reported appropriately;

4.6 To ensure meetings for the CEO and Headteachers' Appraisals are carried out in line with Policy.

5. Finance

Subject to the requirements of the Academies Financial Handbook, Funding Agreement and the Financial Regulations of the Trust, the Committee shall consider and advise the Trust Board on the following specific matters:

5.1 To review the MAT Financial plan, central budget and individual academy budgets and advise the Trust Board on achieving its financial objectives;

5.2 To review reports of Responsible Officer on effectiveness of financial procedures and controls;

5.3 To monitor income and expenditure against budgets using the MAT management accounts and advise the Trust Board on the year-end accounts;

5.4 To review the Financial Procedures Annually and recommend them to the Trust Board;

5.5 To consider and approve purchase orders, invoices, contracts and leases within limits;

5.6 To approve severance and compensation payments (over £50,000 needs EFA approval);

5.7 To ensure appropriate risk management, health and safety, buildings management and insurance arrangements are in place for the MAT;

- 5.8 To monitor policies relating to finance, staff and buildings, including Health and Safety, capitalisation, depreciation, treasury management, investment and borrowing;
- 5.9 To ensure the annual accounts are produced in accordance with the Companies Act 2006, Charities Act 2011 and the DfE guidance and recommend to Trust Executive Board for approval;
- 5.10 To approve virements, disposal of assets and writing off bad debts;
- 5.11 The acquisition or disposal of land to be used by the Academies;
- 5.12 To monitor the deployment of non-financial resources, including personnel and property, with a view to advising the Trust Board on the effectiveness of such resources.

6. Remuneration

The committee shall advise the Trust Board on the remuneration packages of the CEO, SIO, **Business Manager** and Headteachers and in doing so shall consider their basic salary, pension provisions, terms and conditions and notice provisions.

- 6.1 The committee shall evaluate annually the remuneration package for the CEO and SIO, against pre-established performance goals and objectives and an appropriate peer group. This information to be provided to the Chair of the Trust Board to inform their annual appraisals.
 - 6.2 The Committee shall receive a report from the CEO on the performance of the Headteachers and for the recommendation on Head Teacher's pay.
 - 6.3 The Committee shall receive a report from the Chair of the Trust Board on performance of the CEO.
 - 6.4 The Committee will review and assess performance targets, goals and objectives and determine whether such goals and objectives have been achieved at the end of the relevant period.
 - 6.5 The Committee shall advise the Board of any compensation (including augmentation of pension benefits) which may be payable in the event of early termination of the employment of the CEO, Headteachers or any senior member of staff with the broad aim of: avoiding rewarding poor performance and dealing fairly with cases where early termination is not due to poor performance.
 - 6.6 The Committee shall routinely review and approve any changes to the job description of the CEO, and ensure this happens whenever the configuration, makeup and membership of the Trust changes.
 - 6.7 The committee shall oversee the pay and conditions of service of all employees of the Trust.
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