

HMFA FINANCE, AUDIT & RISK COMMITTEE TERMS OF REFERENCE

POLICY DATE: Autumn 2020

REVIEW DATE: Autumn 2021

Membership	4 Trustees
Quorum	Minimum of 3 Trustees

From September 2020, all academies must have an Audit & Risk Committee to maintain an oversight of the Academy Trust's financial, governance, risk management and internal control systems.

The HMFA will combine this Audit & Risk Committee with the Finance Committee under the new title of Finance, Audit and Risk Committee.

• **Composition**

1. Membership of the Finance, Audit & Risk Committee shall be determined by the Board of Trustees.
2. The Committee shall meet as and when required but at least 3 times a year.
3. No HMFA employees shall be a member of this committee. However, the Accounting Officer and Chief Financial Officer should attend meetings to provide information and participate in discussions.
4. The Committee meetings will not be open to the public but minutes shall be made available. Information relating to a named person or any other matter that the committee considers confidential does not have to be made available for inspection.
5. The draft minutes of each meeting will be circulated with the agenda for the next Board meeting and will be presented at that meeting by the Chair of this Committee (or in his/her absence another member of the committee).
6. The Chair of the Committee, being someone other than the Chair of the HMFA Trustees, shall be elected annually from among its members.
7. In the absence of the clerk, the committee shall choose a clerk for that meeting from among their number (someone who is not the Executive Headteacher.)
8. Where the Audit & Risk Committee is combined with another Committee, as in this case, HMFA employees should not participate as members when audit matters are discussed.
9. Committee terms of reference will be reviewed annually.

- **The Finance, Audit & Risk Committee Terms of Reference**

- **Finance**

Subject to the requirements of the Academies Financial Handbook, the committee is authorised:

1. To consider the academy's indicative funding, notified annually by the ESFA, and to assess its implications for the HMFA, in consultation with the Executive Headteacher, and Finance Director in advance of the financial year, drawing any matters of significance or concern to the attention of the Board.
2. To consider and recommend acceptance/non-acceptance of the academy's budget, at the start of each financial year.
3. To inform development of the HMFA strategic plans through financial decisions. To consider financial priorities and proposals, in consultation with the Executive Headteacher & Finance Director, with the stated and agreed aims and objectives of the academy.
4. To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
5. To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the academy, and with the financial regulations of the EFA, drawing any matters of concern to the attention of the Board
6. To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement.
7. To prepare the financial statement for filing in accordance with Companies House, ESFA and Charity Commission requirements.
8. To review the suite of finance related policies to include the Finance Policy & Scheme of Delegation and recommend to the Board for approval.

- **Risk & Audit**

1. Advise the Board on the effectiveness and resources of the external/internal auditors or scrutineers to provide a basis for their reappointment, dismissal, retendering or remuneration.

Considerations may include:

- The auditor's/scrutineers sector expertise.
- Their understanding of the Trust and its activities.
- Whether the audit process allows issues to be raised on a timely basis at the appropriate level.
- The quality of auditor/scrutineer comments and recommendations in relation to key areas.

- Where relevant, the personal authority, knowledge and integrity of audit partners and their staff to interact effectively with, and robustly challenge, the Trust's Managers.
 - The auditor's/scrutineer's use of technology.
2. Ensure there is co-ordination between internal audit/scrutiny and external audit and any other review bodies that are relevant.
 3. Consider the reports of the auditors/scrutineers and, when appropriate, advise the Trust Board of material control issues.
 4. Encourage a culture within the Trust whereby each individual feels that he or she has a part to play in guarding the probity of the Trust, and is able to take any concerns or worries to an appropriate member of the management team or in exceptional circumstances directly to the Board of Trustees.
 5. Provide minutes of all meetings for review at Board Meetings.

○ **External Audit**

1. Review the external auditor's plan each year.
2. Review the annual report and accounts.
3. Review the auditor's finding and action taken by the Trust SLT in response to those findings

○ **Internal Scrutiny**

1. Take delegated responsibility on behalf of the Trustees for examining and reviewing all systems and methods of control both financial and otherwise, including risk analysis and risk management; and for ensuring the Trust is complying with the overall requirements for internal scrutiny, as specified in the Academies Financial Handbook.
2. Agree who will perform the internal scrutiny work in accordance with the guidance specified in the Academies Financial Handbook.
3. Agree an annual programme of internal scrutiny/audit, which is objective and independent, covering systems, controls, transactions and risks. The trust must identify on a risk-basis (with reference to its risk register) the areas it will review.
4. Consider reports at each meeting from those carrying out the programme of internal scrutiny work
5. Ensure information submitted to DfE and ESFA completed by the trust is accurate and in compliance with funding criteria.
6. Advise the Trustees on the adequacy and effectiveness of the Trust's systems of internal control, governance, and risk management processes.

- 7. Consider the appropriateness of executive action following internal audit/internal scrutiny reviews and to advise the Board on any additional or alternative steps to be taken.
- 8. Oversee the annual review of the Trust's Risk Register and recommend to the Board for approval.

Approved by Trustees - Autumn 2020

Signed
Chair of Trustees

Signed
Headteacher/CEO