



# PETERBOROUGH KEYS ACADEMIES TRUST

## **Finance, Audit and Risk Committee**

### **TERMS OF REFERENCE**

**2023-24 v1.0**

#### **1. POWERS OF THE BOARD OF TRUSTEES**

- 1.1. The Trustees shall establish the Finance, Audit and Risk Committee as empowered by the Trust's Articles of Association (Article 100b).
- 1.2. The Trustees shall determine and approve the Committee's Terms of Reference and shall review the Terms at the end of each academic year to take effect from 1 September (Article 101).
- 1.3. The Trustees shall determine and approve the delegation of powers, responsibilities and duties to the Committee and shall review this Scheme of Delegation at the end of each academic year to take effect from 1 September (Article 105).

#### **2. POWERS OF THE FINANCE, AUDIT AND RISK COMMITTEE**

The Committee shall exercise the powers, responsibilities and duties delegated by the Trust Board as set out in the Terms of Reference and Scheme of Delegation, and in particular:

- 2.1. to agree the Trust Finance Manual to comply with relevant statute and regulation, the Trust's Scheme of Delegation and the decisions of the Trustees (SoD 5.1),
- 2.2. to review, recommend to the Trust Board and monitor the Trust Three-Year Budget Plan, incorporating individual School budgets and the central function budget as proposed by the CEO, with a specific responsibility to ensure that budgets do not go into deficit (SoD 5.6, 5.10 and 5.16),
- 2.3. to review and recommend to the Trust Board in-year changes to the Trust budget (SoD 5.7) and to approve school in-year budget changes (SoD 5.17),
- 2.4. to review and recommend to the Trust Board the services provided to schools and the charge to be made to schools (SoD 5.8-5.9),
- 2.5. to identify and propose to the Trust Board opportunities for the Trust to achieve financial and resource efficiencies for member academies through joint commissioning and procurement,
- 2.6. to agree the appointment of the Trust's internal auditors (SoD 5.5), plan and oversee the internal audit programme and monitor progress made towards internal audit recommendations,
- 2.7. to recommend the appointment of the Trust's external auditors to the Trust Board (who will in turn make a recommendation to the Members) following a review of tenders received (SoD 5.4)
- 2.8. to oversee the statutory audit of the Trust's Annual Financial Statements,

- 2.9. to approve the School Resource Management Self-Assessment Tool (SRMSAT) Return to the Education and Skills Funding Agency (SoD 5.13),
- 2.10. to approve the Budget Forecast Return three-year (BFR3Y) to the ESFA (SoD 5.14),
- 2.11. to review and recommend to the Trust Board the audited Annual Report and Financial Statements in accordance with relevant statute and regulation (SoD 5.11),
- 2.12. to prepare and recommend to the Trust Board and implement the Trust's action plan in response to the external auditor's management letter (SoD 5.15),
- 2.13. to review and recommend to the Trust Board the Internal Audit Report (SoD 5.24)
- 2.14. to agree and monitor the Trust's insurance cover (SoD 5.23),
- 2.15. to review and recommend to the Trust Board changes to banking arrangements (SoD 5.19),
- 2.16. to prepare and approve policies relating to the Trust's financial governance and operation including;
  - 2.16.1. Procurement,
  - 2.16.2. Anti-Fraud and Corruption,
  - 2.16.3. Investment,
  - 2.16.4. Disposals and write-off of stock assets
- 2.17. to agree (school and central) expenditure in accordance with the Finance Manual (SoD 6.3 and 6.4),
- 2.18. to consider and respond to proposed compensation payments, up to £50,000 or the limit set by the Education and Skills Funding Agency (SoD 6.5), and to receive details of any settlement agreements made (SoD 4.21),
- 2.19. to ensure that the Trust has an appropriate framework in place to manage risk, in line with the Academy Trust Handbook paras. 2.38 - 2.42 (including identification, measurement, management, monitoring and reporting) and to regularly assess and monitor this using the Trust's Risk Register (SoD 2.15).
- 2.20. to approve aspects of the central team structure and complement (normally reserved to the Trust Board but may be delegated to the Committee in specific circumstances) (SoD 4.2).
- 2.21. To review the outcome of due diligence processes and recommend to the Trust Board whether a new school should join the Trust

### **3. COMPOSITION AND APPOINTMENT OF THE FINANCE, AUDIT AND RISK COMMITTEE**

- 3.1. The composition of the Finance, Audit and Risk Committee shall be as follows;
  - 3.1.1. Trustees with relevant knowledge, skills and expertise in finance, accountancy, compliance, commerce and business,
  - 3.1.2. Persons with finance, accountancy or commercial expertise who will be appointed by the Trust Board and
  - 3.1.3. Further Trustees such that the Committee has a majority of Trustees.
- 3.2. The membership of the Committee shall be detailed as Annex 1.

### **4. TERM OF OFFICE AND RESPONSIBILITIES OF COMMITTEE MEMBERS**

- 4.1. Committee Members shall be appointed annually at the end of each academic year to take up the role from 1 September. Committee Members who are Trustees may be re-appointed an

unlimited number of times whilst they remain a serving Trustee. Other Committee Members may serve for a maximum of eight years.

- 4.2. On appointment Members are each required to familiarise themselves and to agree to comply with;
  - 4.2.1. The Trust's Articles of Association,
  - 4.2.2. The Trust's Master and Supplementary Funding Agreements
  - 4.2.3. The Trust's Finance Manual,
  - 4.2.4. The Academy Trust Handbook,
  - 4.2.5. these Terms,
  - 4.2.6. current relevant financial legislation and guidance for academies.

## **5. MEETINGS OF THE COMMITTEE**

- 5.1. The Committee shall meet at least three times per year (usually once per term) and in particular;
  - 5.1.1. The Committee shall meet at the appropriate times set out in the Trust's Governance Planner.
  - 5.1.2. The members will receive notice of each meeting seven (7) clear days before the date of the meeting.
  - 5.1.3. The agenda, papers and minutes of Committee meetings will be sent to the Clerk to the Trustees when they are issued to members.
  - 5.1.4. Minutes will be signed by the Committee Chair at the next meeting to verify that the minutes are a true record.
- 5.2. Quorum for a meeting of the Committee will be half the members and a majority of members present being Trustees.
- 5.3. Each question to be decided at a meeting of the Committee shall be determined by a majority of votes of members present and eligible to vote on the question. The Chair shall have the casting vote in the case of equal votes for and against the decision.
- 5.4. No Trust employee shall participate as a member of the Committee when audit matters are discussed.

## **6. APPOINTMENT OF THE COMMITTEE CHAIR**

- 6.1. The Trust Board shall appoint the Chair, noting any recommendation from the Committee.
- 6.2. The Trust Board shall have the right to remove the Chair, specifically in circumstances where they have cause for concern that there is financial mismanagement within the Trust.
- 6.3. The term of office for Chair will be 1 year and they shall be appointed at the last meeting of the Trust Board each school year, for a term commencing on 1 September.

## **7. APPOINTMENT OF A CLERK**

- 7.1. The Trust Board shall appoint a Clerk to the Committee.

## DECLARATION

*The Board of Trustees, at its meeting on 11 July 2023, resolved to adopt these Terms of Reference.*

*Claire Higgins*

Claire Higgins  
(Chair of the MAT Board)

Date of signature: 18 July 2023