

RMET

Scheme of Delegation

Appendix 2 – Terms of Reference

Finance, Audit & Risk Committee

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Document Change History

Date:	Version:	Description of Changes:
1 st September 2023	0.1	New Policy
18 th September 2023	1.0	First Approval

1. Constitution and Standards

- 1.1. The Board of Trustees for RMET (“**Trust Board**” or “**the Trust**”) has established a combined committee of the Trust Board which will be known as the Finance, Audit and Risk Committee (“**the Committee**”).
- 1.2. The Trust Board understands their responsibilities for maintaining robust oversight for the Academy Trust. To take responsibility for their financial affairs, stewardship of assets and the efficient use of resources to maximise outcomes for pupils.
- 1.3. In line with the ESFA Academy Trust Handbook, the Finance, Audit and Risk Committee will be established and follow the principles set to ensure independent scrutiny and assurance to the Trust Board.

2. Membership

- 2.1. The Trust Board will appoint and remove all members of the Committee.
- 2.2. The chair will be appointed by the Trust Board annually, at the first meeting of each academic year.
- 2.3. No person can act as Chair of the Committee if they are also an employee of the Trust.
- 2.4. The Chair of Trustees may not be the Chair of the Finance, Audit and Risk Committee.
- 2.5. The Committee shall have a minimum of three members and a maximum of five Trustee members. A majority of Committee members must be Trustees of the Trust Board.
- 2.6. The membership of this Committee will always include the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) (as non-voting members).
- 2.7. The Trust Board will ensure that the Committee members have the knowledge and experience to fulfil the duties of this Committee.

3. Proceeding of the Committee

- 3.1. Meetings of the Committee shall not be less than four times per year and where appropriate should coincide with key financial dates in the Trust’s reporting cycle.
- 3.2. Any two members of the Committee may request that the Chair convene a meeting by giving no less than fourteen days’ notice via the Clerk.
- 3.3. The quorum for any business to be transacted by the Committee shall be two members. No vote of any matter shall be taken at a meeting unless those members are Trustees of the Trust Board.
- 3.4. Every matter to be decided by the Committee must be determined by a majority vote of the members present in person and entitled to vote on the matter.

- 3.5. Each Committee member (voting members) present in person shall be entitled to one vote.
- 3.6. Where there is an equal division of votes the Chair of the Finance, Audit and Risk Committee will have the casting vote.
- 3.7. In the absence of the Chair, those present will elect a Chair from amongst their number in accordance with paragraph 2.3.
- 3.8. Any Member of the Committee may attend the meeting in person, by telephone or by virtual means provided that notice has been given to the Clerk prior to the start of the meeting.
- 3.9. The Committee may invite other guests to attend who are not members, to report or aid the Committee on a particular agenda item. These guests may speak with the permission of the Chair but have no voting rights.
- 3.10. When audit matters are discussed, employees of the Trust must leave the meeting, with the exception of the CEO and CFO (if by agreement of the Chair) to answer any questions, where appropriate.
- 3.11. A Clerk will be in attendance to take minutes at the meetings of the Committee.
- 3.12. The agenda and associated papers for each meeting will be prepared and circulated seven days prior to the meeting date.
- 3.13. A register of member attendance shall be maintained and published annually on the Trust website.

4. Authority

- 4.1. The Finance, Audit & Risk Committee is a committee of the Trust Board and is authorised to investigate any activity:
 - 4.1.1. Within these terms of reference;
 - 4.1.2. Specifically delegated to it by the Trust Board.
- 4.2. The Committee is authorised by the Trust Board to request any information it requires in furtherance of its investigative powers from the Trust, external auditors, internal auditors or other assurance providers.
- 4.3. Obtain outside legal or independent professional advice it considers necessary. This advice shall be sought in consultation with the Accounting Officer and the Chair of Trustees.

5. Reporting Procedures

- 5.1. Within fourteen days of each meeting, the Committee will:
 - 5.1.1. Produce and agree minutes of meetings;

- 5.1.2. Produce a summary document identifying (i) decisions made, (ii) recommendations to the Trust Board, (iii) any items for the information of the Trust Board and (iv) items for further discussion by the Board, (together the “Committee Reports”).
- 5.2. The Committee Reports can be agreed by Committee members via email.
- 5.3. The Committee Reports will be available to Trust Board within fourteen days of each Committee meeting.
- 5.4. The Committee will arrange for any further reports or updates as requested by the Trust Board and be available within an agreed timeframe.
- 5.5. The Committee will conduct an annual review of its roles and responsibilities in line with the Trust Board requirements and will make any recommendations to the Trust Board accordingly.

6. Conduct of Committee Members

- 6.1. All Committee members shall observe at all times the provisions of the Trust’s Governance Code of Conduct.

7. Members’ Interests

- 7.1. Committee members are required to declare any interests in any item being discussed at a meeting and adhere to the agreed protocols within the Trust’s Articles of Association.

8. Disqualification and Removal of Committee Members

- 8.1. A Committee member shall immediately cease to be a member under the definitions of the Trust’s of the Trust’s Articles of Association.

9. Purpose

- 9.1. The Finance, Audit and Risk Committee shall maintain oversight of:
 - 9.1.1. Internal control;
 - 9.1.2. Risk management;
 - 9.1.3. Financial management;
 - 9.1.4. Value for money;
 - 9.1.5. Financial statement and annual reports;
 - 9.1.6. External audits;

10. Remit and Responsibilities

- 10.1. The remit and responsibilities of the Finance, Audit & Risk Committee are set out in the Schedule.

Schedule of the Finance, Audit and Risk Committee

The responsibilities of the Finance, Audit and Risk Committee:

Funding:

1. To review the Trust's indicative funding, once notified by the ESFA and to assess its implications in advance of the financial year, drawing any matters of significance or concern to the Trust Board.
2. Advise the Trust Board and the Accounting Officer on the adequacy and effectiveness of the duties described in the Terms of Reference for the Finance, Audit and Risk Committee (paragraph 9).
3. To receive information relating to income generated by leasing across the Trust.
4. To review and challenge, pupil number estimates and understand implications on revenue projection.

Budgeting:

5. To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted. Ensuring recommendations are compatible to the development priorities of the Trust and its Schools.
6. Consider and recommend acceptance/non-acceptance of the Trust's budget to the Trust Board.
7. To liaise with other committees regarding their expenditure requirements.
8. To consider requests for supplementary expenditure and make appropriate formal recommendations to the Trust Board.
9. Monitor any variances for the budget and ensure the ESFA is notified as required.
10. To consider the Pay Policy and Remuneration costs of employees across the Trust and make a formal recommendation to the Trust Board annually.

Strategic Direction:

11. Advise and input on the development of a financial strategy for the Trust Board and consider policies, procedures or plans required to realise the Trust's Strategic Plan.
12. To consider the Trust's long-term plans and investment proposals.

13. Oversee the financial performance of the Trust, including receiving the monthly management accounts, annual budget and budget forecast returns.
14. Define and maintain oversight of the Key Performance Indicators.

Expenditure:

15. To monitor and review expenditure on a regular basis and ensure compliance with Trust budget and in accordance with all financial regulations and to draw any matters of concern to the Trust Board.
16. Monitor spending of Pupil Premium, PE and Sport Premium (and any other relevant premiums).
17. Monitor SEND spending.

Internal/External Auditors:

18. Make recommendations to the Trust Board with regard to the appointment, re-appointment, dismissal and remuneration of the external auditor.
19. Make recommendations to the Trust Board with regard to the need for, and when appropriate, the appointment, re-appointment, dismissal and remuneration of an internal auditor and/or other assurance provider.
20. Advise the Trust Board on an appropriate programme of work to be delivered by independent assurance provider.
21. Review the external auditor's annual planning document of work to be delivered by independent assurance provider.
22. Support with preparation of the Trustees' annual report and governance statements, for agreement and signing by the Trust Board.
23. Receive reports from external auditor and other bodies, for example the Education and Skills Funding Agency, and consider any issues raised, the associated management response and action plans. Where appropriate, reports should be referred to the Trust Board for agreement.
24. Regular monitoring of outstanding actions from independent assurance providers, ensuring any delays in implementing recommendations are reasonable.
25. Consider any additional services delivered by the external auditor or other assurance provider and ensure appropriate independence is maintained.
26. Ensure appropriate co-operation and co-ordination of the work of external auditors and the internal auditor.

27. Consider the need to meet with the external auditors, without management present, at least annually.
28. Review the high-level processes and procedures in place to manage the financial management within each School.
29. Oversee the development of Financial Procedures Manual, in line with Academy Trust Handbook and other ESFA guidance.

Asset Management:

30. To ensure that the operation and asset management of the Trust's estate is delivered appropriately, including an inventory of fixed assets.
31. To ensure that effective processes are in place for the quality assurance of the Executive's work on Estates and Capital Management.
32. Review the impact of the Estates Condition Survey Reports against budget allocations.
33. To receive assurances on the Trust's insurance cover and security measures for premises and that of cybercrime.

Risk Management:

34. Review the procedure for identification of, ratings and responses on the risk register.
35. Ensure the Committee provides the Trust Board with a formal recommendation for the risk register (annually) for agreement.
36. Ensure the Trust Boards decision making process and policy aligns to the Trust's risk appetite.
37. Ensure the risk management framework includes: identify, measure, manage, monitor and report.
38. Receive regular formal reporting from the CFO for discussion at Committee meetings.
39. Review fraud risk procedures and ensure all allegations of fraud or irregularity are investigated appropriately.

Financial Procedures:

40. To ensure filings are completed with appropriate bodies including the ESFA, Companies Act and Companies House.
41. Ensure the Trust complies with appropriate bodies including the ESFA, Companies Act, Charity Commission and the DfE.

42. Receive reports relating to bank account arrangements.
43. Review reports relating to the Trust's reserves.
44. To ensure up to date reporting on related party transactions.