



Terms of Reference

Audit & Finance Committee

Approved by the Trust Board 29th November 2018

1. Constitution

- 1.1. The Bosco Catholic Education Trust Board of Directors has resolved to establish an Audit & Finance Committee to advise the Board on matters relating to the Trust's finance and audit arrangements, risk, systems of internal control and to advise and aid the Board's responsibility to ensure 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.
- 1.3. The Committee's Terms of Reference are adopted by the Board and may only be amended with the approval of the Board.

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, including the academies assets, depreciation and removal of such items from the asset register.
- 2.2. The Audit & 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.
- 2.3. 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. Main Duties

- 3.1. The duties of the Audit & Finance Committee are to:
 - 3.1.1. Fulfil its responsibilities as set out in these Terms of Reference in line with the Academies Financial Handbook, the Trust's Financial Regulations and in compliance with the Funding Agreement with the Secretary of State of Education.

- 3.1.2. Ensure sound management of the Trust's finances and resources, including proper planning, monitoring, probity and value for money.
- 3.1.3. Advise the Trust Board on specific remuneration packages of the CEO and Headteachers to ensure that staff are fairly rewarded in relation to their individual contributions to the Trust's overall performance.
- 3.1.4. Demonstrate to the public that the pay of senior staff is set by a committee which has no personal interest in the outcome of its decision and which gives due regard to the interests of the public and of the financial health of the Trust.
- 3.1.5. 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;
- 3.1.6. Advise the Board on the appointment, re-appointment, dismissal and remuneration of the external auditor;
- 3.1.7. Advise the Board on the need for and then, where appropriate, the appointment, reappointment, dismissal and remuneration of an internal auditor or other assurance provider;
- 3.1.8. Advise the Board on an appropriate programme of work to be delivered by independent assurance providers. This programme of work should be to be derived from the Audit & Finance Committee's regard of the key risks faced by the Trust, the assurance framework in place and its duty to report to the Board;

4. Detailed Responsibilities

4.1 Audit

- 4.1.1. Ensure that where a full internal audit service is commissioned the service provider complies with the standards set by the Chartered Institute of Internal Auditors. This will mean the internal audit provider must conform to the Public Sector Internal Audit Standards;
- 4.1.2. Review the external auditor's annual planning document and approve the planned audit approach;

- 4.1.3. Receive reports (assignment reports, annual reports, management letters etc.) from the external auditor, internal auditor and other bodies, for example the EFA, and consider any issues raised, the associated management response and action plans. Where deemed appropriate, reports should be referred to the Board or other committee for information or action;
- 4.1.4. Regularly monitor outstanding audit recommendations from whatever source and ensure any delays to agreed implementation dates are reasonable;
- 4.1.5. Establish and monitor KPIs with regard to the performance of the external auditor, internal auditor or other assurance provider;
- 4.1.6. Review the Trust's fraud response plan and ensure that all allegations of fraud or irregularity are managed and investigated appropriately;
- 4.1.7. Consider any additional services delivered by the external auditor, internal auditor or other assurance provider and ensure appropriate independence is maintained;
- 4.1.8. Ensure appropriate cooperation and coordination of the work of the external auditor and internal auditor;
- 4.1.9. Meet with the external auditor and internal auditor or other assurance provider, without management present, at least annually.
- 4.1.10. Ensure that meetings for the Headteacher's Appraisal are carried out in compliance with the Bosco Appraisal and Capability Policy.

5. Finance

- 5.1.1 Subject to the detailed 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:
 - 5.1.1.1 The annual estimates of income and expenditure and financial forecast for the Trust and its Academies;
 - 5.1.1.2 Monitoring of revenue finances of the Trust and its Academies and advising the Trust Board on progress to achieving its financial objectives;

- 5.1.1.3 Monitoring of policies relating to finance, staffing and buildings, including Health and Safety, capitalisation, depreciation, treasury management, investment and borrowing;
- 5.1.1.4 The acquisition or disposal of land to be used by the Academies;
- 5.1.1.5 The financial elements of the Risk Management Policy including Health and Safety, buildings and insurance;
- 5.1.1.6 The management accounts of the Trust, and to advise the Trust Board on the year end accounts;
- 5.1.1.7 Strategic matters with financial implications concerning sponsorship of Academies;
- 5.1.1.8 The Financial Regulations, to be reviewed on an annual basis;
- 5.1.1.9 Any relevant legal and contractual documentation operating within the Articles of Association, Scheme of Delegation, Funding Agreement and Financial Regulations;
- 5.1.1.10 Policies in relation to non-educational services such as Human Resources, publicity and marketing and to agree changes as necessary;
- 5.1.1.11 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

- 6.1.1 The Committee shall receive a report from the CEO on the performance of the Headteachers and for the recommendation on Head Teacher's pay.
- 6.1.2 The Committee shall receive a report from the Chair of the Trust Board on the performance of the CEO.
- 6.1.3 The Committee shall advise the Trust 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.

7. Administration

- 7.1. The Audit & Finance Committee will meet at least once per term.

- 7.2. The Audit & Finance Committee will consist of at least three members of the Board. Additionally, up to two external co-opted members with particular expertise may also be appointed who are not members of the Board. The Board may not co-opt an employee of the Academy Trust if the result would be that the number of Committee members who are employees of the Trust (including the CEO) would exceed one third of the Committee. Co-opted members of the Committee will have full participation rights. At least one of the members should have relevant financial experience.
- 7.3. Other Board members shall also have right of attendance and may fully participate in meetings, though the Committee may wish to exclude Employee Directors. The Committee will reserve the right to closed meetings where sensitive items are being discussed.
- 7.4. The CEO and CFO will be ex officio members of the Audit & Finance Committee. The CEO and CFO will be excluded when pay matters relating to the CEO are to be considered.
- 7.5. Other employees of the Trust's may be invited to attend meetings but will have no voting rights.
- 7.6. The CEO or Head Teacher of an Academy may not act as Chair of the Committee. Any other employees of the Trust may also not act as Chair, other than in exceptional circumstances agreed by the Board. If the Chair is absent from a meeting the Board shall choose another Board member to act as Chair for that meeting.
- 7.7. The Audit & Finance Committee will be quorate if at least two members (or at least one third if greater) of those members eligible to vote are present. In addition, at least 50% of those members present are required to be Board members [in the event of there being co-optees on the Committee] and no more than 50% may be employees of the Trust.
- 7.8. The Accounting Officer, Finance Director and other members of the Trust's staff may be invited to attend, but will have no voting rights.
- 7.9. Decisions to be made at meetings of the Committee shall be determined by a majority of the votes of members present and voting. Where there is an equal division of votes, the Chair shall have a second or casting vote.

- 7.10. Administrative support will be provided by the Clerk to the Board. However, the Clerk can be requested to withdraw from that part of any meeting where information of a highly sensitive or confidential nature is being discussed, with one of the committee members will act as a temporary Clerk to minute the proceedings of the committee or a deputy may attend.
- 7.11. Agendas will be agreed in advance by the Chair of Committee (based on, but not limited to, a pre-agreed annual schedule of activity) and papers will be circulated to members and attendees at least 5 working days in advance of the meeting.
- 7.12. Minutes of meetings will be taken and submitted to the next scheduled meeting of the Board once approved in draft by the Chair of the Committee.
- 7.13. The Audit & Finance Committee will self-assess its performance against these Terms of Reference on an annual basis and will also review the Terms of Reference, submitting any proposed changes to the Board for approval.
- 7.14. The members of the Committee shall hold office from the date of their appointment until the resignation or their omission from membership of the Committee on subsequent consideration by the Board (whichever shall first happen).
- 7.15. The Board must not add to these terms of reference responsibilities that require the Audit & Finance Committee to adopt an executive role, or its members to offer professional advice to the Board. The Audit & Finance Committee should seek formal professional opinions from the internal audit service, financial statements auditor or other professional advisers to the Board. Advice should only be given in Committee members' capacity as Governors and co-optees and only within their terms of reference.