



The Collegiate Trust
Exceptional Education for All

Audit, Risk and Finance Committee - Terms of Reference

1.9.2021

1. Introduction

- 1.1 The Collegiate Trust (the “Trust”) recognises and delivers on the need to implement strong and effective audit, risk and financial procedures and fulfils obligations through its three levels of governance:
- The Members of the Trust appoint auditors, approve annual accounts and financial statements and monitor the performance of the Board of Directors in delivering exceptional education for all through the Annual Strategic Plan
 - The Board of Directors sets the strategic priorities for the Trust and holds to account the key executives of the Trust for the performance of schools within the Trust
 - The Local Governing Bodies lead and monitor the educational and financial performance of individual schools.
- 1.2 Because of these established levels of governance and the relatively small size of the Trust we have established this combined Audit, Risk & Finance Committee. In doing so we are aware of potential conflict between the two functions but are confident that the system of governance outlined above will mitigate this effectively. However, we shall review this joint committee structure if there is any substantial growth within the Trust and to ensure this is reviewed at least annually.

2. Purpose

- 2.1 To oversee all aspects of the audit work and arrangements of the Trust.
- 2.2 To contribute to those aspects of the Trust’s Strategic Plan that affect the deployment of financial or other capital resources and subsequently to ensure they are used effectively and efficiently
- 2.3 To review, on behalf of the Board of Directors, those statutory policies and procedures which fall within the remit of the Committee and to recommend their approval to the Board, namely:
- The Risk Management Plan
 - External Audit reports & reports from the responsible Officer (RO)
 - The Financial Procedures
 - The Annual Budget Plan
 - The Budget Monitoring Process
 - Charging & Remissions Policy
 - The Capital Plan
 - Trusts Funding Agreements

3. Membership of the Audit, Risk & Finance Committee

- 3.1 The composition of the Audit, Risk & Finance Committee shall be as follows:
- 3 Directors
 - 2 Co-opted Governors
 - CEO
- 3.2 Trust, Parent and LA governors from the schools’ Local Governing Body will be invited to apply to be a member on the Audit, Risk and Finance Committee when a vacancy arises. If more applications are received than spaces. The Chair of the Committee will review the skills and elect a member.
- 3.3 The COO & CFO will be in attendance as the Finance Professionals for The Collegiate Trust.
- 3.4 There will be an open invitation for Principals to attend any Audit, Risk and Finance meeting.
- 3.5 The Chair of the Audit, Risk & Finance Committee will be the Director with financial oversight, this cannot be the Chair of the Trust Board.
- 3.6 Terms of Office for committee members will run in conjunction with the terms of office in their specific role as Director or Governor in an LGB.

4. Proceedings of Committee Meetings

- 4.1 The committee shall meet at least 6 times a year.
- 4.2 The committee will determine at the beginning of the academic year whether meetings will be face to face or virtual.
- 4.3 Quorum for any decisions to be made is 2 Directors and 1 Co-opted Governor.
- 4.4 Any matter to be decided by the committee must be determined by a majority. Each member is entitled to one vote. If there is an equal division of votes, then the Chair has the casting vote.
- 4.5 The agenda and papers will be placed on SharePoint five working days in advance of a meeting. If this is not possible the Governance Manager will notify committee members five days prior to the meeting.

- 4.6 Management accounts for each month will be placed on SharePoint by the end of the following month.
- 4.7 The Trust Risk Register will be a standing agenda item at each meeting.

5. Funding

- 5.1 Ensure all funding is received from the appropriate body.
- 5.2 To ensure all opportunities for external funding are perused and explored where appropriate.

6. Budgeting

- 6.1 To review in detail the assumptions that support the draft annual income and expenditure budget, the budgeted capital expenditure programme and cash flow forecast for the next financial year. At a high level, to consider the reasonableness of the projections for the following year and to recommend them for approval to the Board of Directors.
- 6.2 To review budget proposals from schools.
- 6.3 To review and recommend to the Board of Directors for approval the Annual Budget Plan.

7. Asset Management

- 7.1 To determine the use of the Trust's premises and grounds outside Schools' sessions with regards to the lettings and charging policy.
- 7.2 To review annually the Trust's Asset Register
- 7.3 To review the Capital Plan and ensure delegation of funds to the schools are proportionate to works.

8. Internal & External Audit

- 8.1 To advise the Members on the appointment, reappointment, scope and objectives, dismissal and remuneration of the financial statements auditor and other assurance providers including the Responsible Officer (RO), and ensure that all such assurance providers adhere to relevant professional standards.
- 8.2 To ensure effective co-ordination between the RO and the financial statements auditor.
- 8.3 To advise the Board of Directors on the programme of internal scrutiny and to provide independent assurance to the Board that its financial and non-financial controls and risk management procedures are operating effectively.
- 8.4 To advise the Board of Directors on RO and other assurance providers' assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor (including their work on regularity) and the management responses.
- 8.5 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to RO reports and annual reports, and the financial statements auditor's management letter.
- 8.6 To establish, in conjunction with the Trust executive, relevant annual performance measures and indicators, to monitor the effectiveness of the RO and financial statements auditors through these and to decide whether a Tender for price and quality of the audit service is appropriate.
- 8.7 To review the financial statements auditors' management letter in the context of the annual financial statements and to consider the Corporate Governance statements in the financial statements.

9. Risk

- 9.1 The Audit, Risk and Finance Committee will direct the Trust's programme of internal scrutiny. A programme of works will be agreed annually to deliver internal scrutiny that provides coverage across the year.
- 9.2 The committee will report to the Board of Directors on the adequacy of the Trust's internal control framework and ensure that risks are being addressed appropriately through internal scrutiny.
- 9.3 Ratings and responses on the risk register will be reviewed to inform the programme of work, ensuring checks are modified as appropriate each year and agree who will perform the work.
- 9.4 Reports from those carrying out the programme of work will be considered at each committee mtg.
- 9.5 Output from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations will be considered.

10. Financial Management & Policies & Procedures

- 10.1 To advise the Board of Directors on the adequacy and effectiveness of the Trust's audit arrangements, scheme of delegation, risk management and control and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets.

- 10.2 To consider and advise the Board of Directors on relevant reports by the National Audit Office (NAO), the ESFA and other funding bodies and, where appropriate, management's response to these.
- 10.3 Oversee the Trust's policies on fraud and irregularity and whistleblowing, and ensure that all allegations of fraud and irregularity are properly investigated, and reported to the Committee and the auditors, and that all significant cases of fraud or suspected fraud or irregularity are reported to the chief executive of the EFA.
- 10.4 To oversee the Trust's risk management process and policies and establish, monitor and review an allocation of risks to this committee.
- 10.5 On behalf of the Board of Directors, to review the appropriateness of financial regulations and controls, including accounting procedures, to safeguard the Trust's assets.
- 10.6 To review the monthly financial performance of the Trust and recommend actions to the Board of Directors.
- 10.7 Monthly management accounts will contain at least:
 - Trust Management Accounts
 - Individual Accounts,
 - Cash Flow
 - Balance sheets
 - CTC Management Accounts
- 10.8 To consider and approve the treasury management arrangements on an annual basis.
- 10.9 To recommend to the Board any changes to the Trust's banking arrangements.
- 10.10 To monitor at each meeting actual and forecast income and expenditure, capital expenditure, cash flow and balance sheet against budgets previously approved by the Board of Directors.
- 10.11 To monitor the effectiveness of procurement to ensure delivery of value for money.
- 10.12 To ensure the Committee abide by the principles set out in the Academy Trust Handbook.