



Inspiring Primaries Academy Trust Finance & Audit Committee Terms of Reference

MEMBERSHIP

The Committee shall:

- Consist of at least three Trustees. In addition one external co-opted member may be appointed for a term not exceeding 4 years following which they will be eligible for re-appointment.
- Have an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively, members of the Committee should have recent, relevant experience in risk management, finance and audit and assurance.
- Members of the Finance and Audit Committee shall be appointed annually by the Trust Board.
- The Chair of the Finance and Audit Committee shall be appointed annually by the Trust Board. At the first meeting in each academic year, the Committee shall appoint a trustee as Vice Chair of the Committee.
- The Chair of the Trust Board must not be the Chair of this committee.
- The ATH stipulates that where the trust operates a combined finance and audit committee, staff may be members of the committee but should not participate as members when audit matters are discussed; they may remain in attendance to provide information and participate in discussions but not vote. The following staff are members of the Committee on this basis:
 - o CEO as Accounting Officer
 - o DFO as Chief Financial Officer
 - o Finance Manager

ACCOUNTABILITY AND PURPOSE

- To assist the decision making of the Trust Board, by enabling more detailed consideration to be given to the best means of fulfilling the Board's responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity. This includes statutory responsibilities, policy review, ensuring the publication of information and other statutory responsibilities including those set out in funding agreements and the ATH. The scope includes the operation of the schools and any other responsibilities of the Trust.
- To serve as the Audit Committee as outlined in the ATH. To provide financial scrutiny and maintain an oversight of the Trust's governance, risk management, internal scrutiny and control and value for money framework.
- To support the Trust Board in ensuring the trust is maintained as a going concern.
- To provide assurance to the Trust Board that risks are being adequately identified and managed.
- Inform the Trustees' Report that accompanies the Trust's annual accounts and, so far as is possible, provide assurance to the external auditors.

RESPONSIBILITIES OF THE COMMITTEE

Audit and Risk Management

Risk management:

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- To consider safeguarding and equalities implications when undertaking all committee functions.
- To consider and advise the Trust Board on the adequacy and effectiveness of the Trust's audit arrangements, risk management and control and processes for the effective and efficient use of resources, the solvency of the Trust and the safeguarding of its assets.
- To produce an annual report to the Trust Board and Accounting Officer that outlines the activities of the Committee as they relate to the year under review and to the terms of reference of the Committee. The report should also include the Committee's opinion on the adequacy and effectiveness of the Trust's systems and arrangements for risk management, control any significant matters arising from the work of the auditors.
- To oversee the Trust's policies on fraud and irregularity and whistleblowing, and ensure the proper, proportionate and independent investigation of all allegations and instances of fraud, theft and/or irregularity; that investigation outcomes are reported to the Finance and Audit Committee; that the external and internal auditors have been informed, and that appropriate follow-up action has been planned/actioned, and that all suspected cases of fraud, theft and/or irregularity are notified to the ESFA in accordance with the ATH.

Audit:

- Advise the members on the appointment, re-appointment, dismissal and remuneration of the external and internal auditors.
- Review the external auditor's and internal auditor's annual planning documents and approve the planned audit approaches.
- Ensure the programme of internal audit is independent, objective, informed by risk and spread appropriately over the year so higher risk areas are reviewed in good time.
- Receive the reports and management letters from the external auditor and internal auditor and consider any issues raised, the associated management responses and actions. When appropriate, advise the LGBs of material control issues, monitoring the implementation of agreed recommendations.
- Prepare the Trustees' Report and financial statements in accordance with the Academies Accounts direction published by ESFA.
- Select suitable accounting policies and apply them consistently.
- Observe the methods and principles of the current Charities SORP and Academies Accounts Direction.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.
- Keep adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006.
- Safeguarding the assets of the Trust and take reasonable steps for the prevention and detection of fraud and other irregularities.

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- Ensure the conduct and operation of the Trust applies financial and other controls, which conform with the requirements of propriety and of good financial management.
- Ensuring grants received from ESFA/DfE have been applied for the purposes intended.
- the maintenance and integrity of the corporate and financial information included on the Trust's website.
- To monitor, within an agreed timescale, the implementation of agreed audit recommendations.
- To recommend the Trust's annual report and financial statements and external auditor's management letter to the Trust Board for approval.

Finance

Budgets:

- To consider and advise the Trust Board on the annual estimates of income and expenditure, and the budgets proposed by each school and IPAT central services, including proposed top slice arrangements, and recommend for approval by the Board for submission to the ESFA.
- To receive and consider information on financial performance against budgets and future financial projections 6 times a year.
- To review, school and Trust budgets in-year for any schools joining the Trust to recommend for approval by the Board for submission to the ESFA.

Other:

- To consider and advise the Trust Board on all aspects of the Trust's finances, financial policies, financial regulations, controls and strategy in accordance with the Articles of Association, Academy Trust Handbook, and Funding Agreements (including any supplemental funding agreements as relevant).
- To review financial due diligence information for new schools joining the Trust to assist the work of the Board, timescales permitting.
- To determine on behalf of the Trust Board appropriate financial and procurement policies to be adopted by each school and by the Trust.
- To consider and advise the Trust Board on the performance review of bankers, insurers and other key service providers at point of consideration of contract changes.

MEETINGS AND QUORUM

- The quorum for meetings shall be any two members, at least one of which should be a Trustee.
- The Committee shall meet 6 times each year to consider matters arising from its terms of reference, or matters placed on the agenda at the request of the Trust Board or of the Chair or any member of the Committee.
- The CEO/Accounting Officer, DFO and FM shall normally be in attendance.
- The external and internal auditors shall be invited to attend meetings as appropriate.
- All meetings shall be conducted to an agenda approved by the Chair.
- The agenda of each meeting shall be prepared by the Clerk to the Committee in consultation with the Chair of the Committee, and circulated together with all relevant agenda papers to all members of the Committee normally at least 1 week before each meeting.

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- Where matters of a sensitive or confidential nature are to be discussed at a meeting, the Clerk to the Committee, in consultation with the Chair, shall reserve these matters to a confidential agenda. Details and papers of such agenda shall not be circulated unless the circumstances which caused them to be considered sensitive or confidential no longer pertain.
- If the confidential mode relates to the pay or performance review of any person employed by the Trust, employees should withdraw from the meeting unless invited to stay by the Committee to contribute to the consideration of the matter.
- The minutes of each meeting of the Finance and Audit Committee shall be presented to the next ordinary meeting of the Board.
- The Committee shall aim to make decisions by consensus. Where voting is necessary, a majority of votes cast will determine the outcome of any vote. In the event of a tied vote, the Chair of the meeting has a deciding second vote or the right of veto.
- Members of the Committee or invitees can participate remotely by telephone or video conference if agreed by the Chair provided that participation is for the whole agenda item discussion and not just the vote; and if after all reasonable efforts it does not prove possible for the person to participate by telephone or video conference the meeting will still proceed with its business provided it is quorate.
- Whilst the preference is that meetings will take place with expectation of physical attendance, the Chair of a Committee may, in circumstances which restrict or prohibit this, decide that a meeting is to take place on a virtual basis. In such cases the virtual meeting will be conducted in accordance with the Articles of Association and terms of reference with the additional requirement that governors and other attendees will be provided with details of how to participate in the meeting at least 48 hours in advance of the meeting.

ROLE OF THE CHAIR OF THE COMMITTEE

- Receive and review the monthly management accounts.
- Ensure the business of the Committee is conducted properly and in accordance with legal requirements.
- Ensure meetings are run effectively, focusing on priorities and making the best use of time available, and to ensure that all members have an equal opportunity to participate in discussion and decision-making.
- In the event of urgent decisions needing to be made between meetings, in consultation with the Accounting Officer, Chief Financial Officer and the Chair of Trustees take appropriate action on behalf of the committee. This may include commissioning polls for voting by email or in extremis taking decisions on behalf of the Committee under 'Chair's Action'.
- Decide after consultation with the Accounting Officer and Chief Financial Officer whether any internal and/or external non voting advisors or representatives will be required to attend meetings.

ROLE OF THE CLERK TO THE COMMITTEE

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Meetings may be clerked by any person appointed by the Trustees in accordance with the Articles of Association. It is expected that the Committee will normally be clerked by an external clerk to provide for independence. The Clerk will provide support to the committee including:

- Work effectively with the Chair, CEO and CFO before the meeting to contribute to the agenda.
- Distribute the agenda and associated papers to the Committee at least 7 days before the meeting.
- Take notes of the Committee meetings and prepare minutes, including indicating who is responsible for any agreed action.
- Record all decisions accurately and objectively, including timescales and responsibilities for any resulting actions.
- Send draft minutes to the Chair, CEO and CFO for consideration within 10 working days.

ROLE OF THE ACCOUNTING OFFICER AND CHIEF FINANCIAL OFFICER

- Provide assistance and advice to the Committee in accordance with the respective responsibilities in the ATH.
- Attend meetings of the Committee.
- Ensure that the Trust has secured appropriate external advice so that the work of the Committee is in accordance with statutory requirements, agreed policies and best practice.
- Work effectively with the Chair and before the meeting to contribute to preparing the agenda.
- Produce and issue relevant papers to the Clerk at least 7 days before the meeting.

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