



King's Group
Academies

FINANCE, HR & AUDIT COMMITTEE TERMS OF REFERENCE

The Finance, HR & Audit Committee's (FHAC) remit is to ensure sound management of the Trust's finances and resources, including planning, monitoring, probity and value for money. The Committee advises the Board regarding the year-end accounts, strategic matters with financial implications and other key matters. The FHAC has delegated authority to approve spending in line with the Trust's Finance Policy.

As is permitted for charities with a turnover of less than £50million per annum (see Academy Trust Handbook, section 3.6) KGA has combined the functions of the Audit and Risk Committee with those of the Finance Committee. The Board may review this arrangement at any time.

1. Constitution

1.1. The Trust Board established a Finance, HR & Audit Committee (FHAC) to advise the Board on matters relating to the Trust's finance and resources arrangements.

1.2. The FHAC is responsible to the Board.

1.3. The Committee's Terms of Reference are adopted by the Board and may only be changed with the approval of the Board.

1.4. The Clerk to the Board (or appointed deputy) shall be the Clerk to the Committee. However, the Clerk can be required to withdraw from that part of any meeting at which the Clerk's remuneration (or any other matter relating to the Clerk within the remit of the Committee) is to be discussed. In these circumstances, one of the Committee members will act as a temporary Clerk to minute the proceedings of the Committee, or a deputy may attend.

2. Authority

2.1. The FHAC 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 employee of the Trust and all employees are directed to co-operate with any request made by the Committee.

2.2. The FHAC is authorised to obtain any outside legal or independent professional advice it considers necessary and may require experts to be present and to advise when drafting disclosures to be made in the Trust's annual Report and Accounts.

3. Main Duties

3.1. Fulfil its responsibilities as set out in these Terms of Reference in line with the Academy Trust Handbook, the Trust's Finance Policy and in compliance with the Funding Agreement with the Secretary of State for Education.

3.2. Ensure sound management of the Trust's finances and resources, including proper planning, monitoring, probity and value for money.

3.3. 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.

3.4. Produce an annual report in respect of the above.

3.5. Advise the Board on the appointment, re-appointment, dismissal and remuneration of the external auditor.

3.6. Advise the Board on the need for and, where appropriate, the appointment, re appointment, dismissal and remuneration of an internal auditor or other assurance provider.

3.7. 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 FHAC's regard of the key risks faced by the Trust, the assurance framework in place and its duty to report to the Board, as detailed in point 3.4 above.

3.8. 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.

3.9. Review the external auditor's annual planning document and approve the planned audit approach.

3.10. Receive reports (assignment reports, annual reports, management letters etc) from the external auditor, internal auditor and other bodies (for example the ESFA) 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.

3.11. Regularly monitor outstanding audit recommendations and progress from whatever source and ensure any delays in respect of agreed implementation dates are reasonable.

3.12. Establish and monitor KPIs with regard to the performance of the external auditor, internal auditor or other assurance provider.

3.13. Review the Trust's fraud response plan and ensure that all allegations of fraud or irregularity are managed and investigated appropriately.

3.14. Consider any additional services delivered by the external auditor, internal auditor or other assurance provider and ensure appropriate independence is maintained. m. Ensure appropriate co-operation and co-ordination of the work of the external auditor and internal auditor.

3.15. Meet with the external auditor and internal auditor or other assurance provider without management present, when required, either at their request or the request of the Committee.

3.16. Ensure that controls are in place regarding the General Data Protection Regulations (GDPR) and that compliance is monitored across the Trust.

3.17. Monitor and make recommendations to the Board in respect of policies relating to Data Protection, Freedom of Information, IT and Data Security and Storage, Whistleblowing, Anti-fraud/Anti-Bribery, the Fraud Response Plan and related matters.

3.18. Consider outputs from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations.

4. Terms of Reference

4.1. To have the authority to approve expenditure (revenue and capital) and contracts in line with the Finance Policy approved and annually reviewed by the Board.

4.2. Subject to the detailed requirements of the Academy Trust Handbook, Funding Agreement and the Trust's Finance Policy, the Committee shall consider and advise the Board on the following specific matters:

4.2.1. The annual estimates of income and expenditure and financial forecasts for the Trust and its Academies.

4.2.2. The annual financial accounts of the Trust, including an income and expenditure account, variation to budget report, cash flows and balance sheet, considering advice as required.

4.2.3. The Trust's management accounts, cash flow forecasts and reserves.

4.2.4. Monitoring of any budget re-forecasts on an ongoing basis.

- 4.2.5. Monitoring of the revenue finances of the Trust and its Academies and advising the Board on progress towards achieving its financial objectives.
- 4.2.6. Efficiency/Value for Money
- 4.2.7. Estates matters, ie: receiving reports at each meeting, including details regarding the acquisition of land and buildings, deployment of property etc and considering an Annual Report regarding Estates/Asset Management Strategy.
- 4.2.8. The financial elements of the risk management policy, including health and safety, buildings and insurance.
- 4.2.9. Monitoring and making recommendations to the Board in respect of policies relating to finance, staffing and other human resources issues, buildings, health and safety, capitalisation, depreciation, treasury management, investments, borrowing and publicity & marketing.
- 4.2.10. Strategic matters with financial implications concerning Trust growth.
- 4.2.11. The Trust's Finance Policy, to be reviewed at the first Committee meeting of each new academic year, in advance of review and approval by the Board in December.
- 4.2.12. Any relevant legal and contractual documentation, operating within the Articles of Association, the Schemes of Delegation, Funding Agreement and Financial Regulations.
- 4.2.13. The review and monitoring of the level of reserves, the Reserves Policy and approving loans from reserves on behalf of the Board, unless the Board meets prior to the Committee meeting.
- 4.2.14. Monitoring the deployment of non-financial resources, including personnel and property, with a view to advising the Board on the effectiveness of such resources.
- 4.2.15 Monitor Compliance with all aspects of H&S Policy and Regulation providing assurance to the Trust Board who are ultimately accountable.

4.3. Approve changes to pay scales in order that cost of living increases may be applied.

5. Other Matters

5.1. The Committee shall advise the Board of any settlement agreements (including any augmentation of pension benefits) which may be payable in the event of the early termination of the employment of the CEO, Clerk, Principals/Executive Principals of the Academies or any other senior member of staff, with the broad aim of:

- 5.1.1. Avoiding rewarding poor performance and;
- 5.1.2. dealing fairly with cases where early termination is not due to poor performance.

6. Administration

6.1. The FHAC will meet at least three times in each academic year. The Chair or any two members may call a meeting.

6.2. The Committee will consist of a minimum of three Board Directors
The Chair of the Board shall be able to attend FHAC meetings as an ex-officio member.

6.3. Other Board members shall also have right of attendance and may fully participate in meetings.

6.4. The Chair of the FHAC will be appointed by the Board and will not be the Chair of the Board or, if there is a separate Audit Committee, a member of that Committee. If the Chair is absent from a meeting, the members shall choose another member to act as chair for that meeting.

6.5. The FHAC will be quorate if at least three members (or at least one third if greater) of those members eligible to vote are present. If a member of the Committee withdraws from the meeting due to a conflict (or potential conflict) of interests, the meeting must still be quorate in order for a vote to be conducted.

6.6. Decisions to be made at meetings of the Committee shall be determined by a majority of votes of eligible members present and voting. Where there is an equal division of votes the Chair shall have a second or casting vote.

6.7. The Chief Executive Officer, Deputy Chief Executive Officer/Chief Finance Officer and other members of the Trust's staff may be invited to attend, but will have no voting rights.

6.8. The meeting agenda will be agreed in advance by the Chair of the FHAC (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.

6.9. 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.

6.10. The FHAC 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.

6.11. The members of the Committee shall hold office from the date of their appointment until their resignation or their omission from membership of the Committee on subsequent consideration by the Board (whichever shall happen first).

6.12. The Board must not add to these Terms of Reference any responsibilities that require the FHAC to adopt an executive role, or its members to offer professional advice to the Board. The 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 Directors and only within their terms of reference.