



Finance, Risk & Audit Committee: Terms of Reference

Adopted: March 2018

Last Reviewed and Revised: June 2023

Next Due for Review: June 2025

Purpose

The Finance, Risk & Audit Committee is a formally constituted Committee of the Board of The Sovereign Trust mandated to:

- Oversee overall financial performance and financial health, and promote the highest standards of financial propriety, risk management and internal control.
- Support the Board in ensuring the Trust acts in accordance with the Trust's Articles of Association, Funding Agreements, Scheme of Delegation, Vision, Mission and Values; and that it complies with relevant legislation, regulations, the Academy Trust Handbook and Dept for Education and Education & Skills Funding Agency (ESFA) guidance.
- Exercise oversight and provide an independent and objective view to the Board on the appropriateness, adequacy and effectiveness of the Trust's overall governance, risk management, financial management, internal control and assurance arrangements, including reviewing the financial statements and budgets.
- Oversee the work of the external auditors, internal auditors and other independent assurance providers.

The Committee will discharge its role in accordance with its Terms of Reference and the Scheme of Delegation and refer major issues to the full Trust Board for discussion and ratification. It may also consider specific issues remitted by the Trust Board to the committee for detailed consideration.

The Committee will uphold the Vision, Mission and Values of the Trust, and serve the interests of the Trust and will be accountable to the Trust Board.

Membership

Membership of the Committee shall be agreed by the Board and shall comprise:

- At least 2 trustees (not including the CEO), one of whom must be appropriately financially qualified.
- The Chair of the Board of The Sovereign Trust may not be a member of the Committee.
- Membership of the Audit Committee role must exclude any Trustees with an executive role (although they will normally attend by invitation).

Quorum

The quorum for meetings shall be **2 members of the committee** present in person or by appropriate virtual means.

Meetings

The following persons will attend the Committee meetings by invitation:

- Chief Executive Officer
- Chief Financial Officer
- ICT Manager
- HR Officer
- Company Secretary
- Auditors

There shall be at least **four meetings** in each Academic Year, to feed into Board of Trustees meetings and relevant accounting deadlines, such as approval of Annual Report & Accounts and ESFA Budget Returns. The meetings will normally take place in **December, March, May and July**.

Additional meetings may be called by the Chair of the Committee, or at the request of the Trust Board.

The Committee shall at least once a year review its own performance, constitution, terms of reference and membership to ensure it is operating effectively and has the appropriate levels of skills and experience, and shall prepare a report to the Board for inclusion in the Annual Report and Accounts.

At least once a year the Committee shall set aside time in a scheduled meeting to meet the external auditors without Executive Management present. The external auditor may request a meeting at any stage of the year if considered necessary.

The Committee will normally prepare a work plan for the year and keep this under review at each meeting.

Authority

The Committee:

- Shall promote a culture of best value, accountability, probity and transparency throughout the Trust's operations and among its staff and Officers.
- May carry out any investigation considered necessary and call any individual or document relevant to any such investigation and require explanations in order to meet the purpose and remit detailed above.
- Has the right to ask those 'in attendance' to leave, especially during presentations by, or discussions with, the auditors.
- Will act within these Terms of Reference and the Scheme of Delegation approved by the Board.

Duties

Finance

- To oversee the management of the Trust's financial affairs (with the year end being 31 August) and longer term financial planning.
- To ensure the proper and timely preparation of the Trust's Annual Report & Accounts and budgets in good time for relevant deadlines.
- To advise regarding any funding submissions or applications.
- To receive and approve the Trust budgets and accompanying commentary prior to final submission to the Board of Trustees and the ESFA.
- To receive the Trust's management accounts and accompanying management report, discuss any variances to budget and agree any actions necessary to improve the Trust's financial performance.
- To receive and approve in accordance with the Scheme of Delegation any investment expenditure budgets and accompanying commentary and to receive regular reports from the Executive Management team on progress with any major investment projects.
- To review and develop the Trust's systems of financial delegations, procedures and systems of internal control and assurance.

Risk

- To oversee and advise the Trust Board on its overall approach to risk management, any risk exposures of the Trust and any actions necessary to mitigate such risks including future risk strategy.
- To keep under review the overall risk assessment processes that inform the Trust Board's decision-making.
- To review and approve appropriate risk management policies and procedures, monitor the compilation and implementation of the Risk Register and resulting action plans.
- To receive annually reports on Health & Safety, Safeguarding and Information Governance issues noting actions and progress.
- To make other decisions relating to finance or risk as delegated by the Trust Board.
- To receive any relevant reports from the Executive Management Team or other meetings.
- Abide by and ensure compliance with the Trust's governing documents, policies, the Funding Agreements, Academy Trust Handbook and any DfE /ESFA guidance documents.

Audit

- To keep under review the appropriateness, adequacy and effectiveness of the Trust's overall governance, control and assurance arrangements including financial reporting, accounting policies, and counter fraud and whistleblowing policies.
- To review the terms of reference, scope and work plans of the external auditor, internal auditor, oversee the appointment including scrutiny of the audit budget and auditor's fees, and monitor the performance, of the auditors or other assurance providers and make recommendations to the Board as necessary.
- To consider the findings and recommendations of the auditors or other assurance providers, management responses, and review progress of agreed actions against recommendations to ensure timely implementation.
- To offer an ultimate port of call for any urgent or highly sensitive concerns raised under the Trust's whistleblowing policy in respect of the Trust's integrity, financial or otherwise.
- To review the annual financial statements, Statement of Internal Control and external auditor's report to satisfy itself that the statements present a true and fair view, that it can reasonably sign the letter of representation, before formal consideration by the Board providing any advice as necessary.

Resources

- Any financial resources, as identified within the annual budget, necessary to achieve the Committee's objectives.
- Any management resources necessary to achieve the Committee's objectives.
- Appointment of other professional advisors as required to perform its role effectively.
- Chief Financial Officer to draft papers and reports for the Committee in conjunction with the Chair, Chief Executive and Company Secretary.
- Company Secretary to take minutes and collate papers for meetings.

Reporting Procedures

- The Company Secretary shall circulate minutes of the meetings of the Committee to the Trust Board.
- The Chair of the Committee shall give an oral summary of the Committee's deliberations, if necessary, at meetings of the Trust Board and at the AGM and shall prepare a summary for inclusion in the Trust's Annual Report.