



Policy/Procedure/Guideline Review

Policy/Procedure/Guideline:	Finance, Audit and Risk Committee Terms of Reference
Board/Senior Manager Responsible:	Trust Board
Approval:	October 2025
Review date:	Annually



Finance, Audit and Risk Committee Terms of Reference

Introduction

Academy Trust's should have a finance committee to which the board delegates financial scrutiny and oversight, and which can support the board in maintaining the trust as a going concern. Academy Trust's must establish an audit and risk committee. Trusts with an annual income less than £50million can combine it with another committee, such as finance –*Academy Trust Handbook 2025*.

The Finance, Audit and Risk Committee is a committee of the Board of Pendle Education Trust and is authorised to investigate any activity within its term of reference or specifically delegated to it by the Board. All areas of responsibility are delegated to the Committee as detailed in the Trust's Scheme of Delegation.

The Finance, Audit and Risk Committee is authorised to:

- Request any information it requires from any employee, external audit, internal audit, or other assurance provider.
- Obtain outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer and/or the Trust Board.

The Finance, Audit and Risk Committee will fulfil its responsibilities as set out in these Terms of Reference in line with the current Academy Trust Handbook, the Trust's Financial Regulations and in compliance with the Funding Agreement with the Secretary of State of Education.

Membership and Administration

- The Finance, Audit and Risk Committee will comprise of at least three members of the Trust Board. At least one member of the Committee shall have relevant financial and audit assurance experience.
- The quorum for the Committee shall be two members.
- Administrative support will be provided by the Clerk to the Trust.
- Employees of the trust are not permitted to be Finance, Audit and Risk committee members, but the Accounting Officer and Chief Financial Officer should attend to provide information to the Committee but will have no voting rights.
- The chair of trustees should not be chair of the Finance, Audit and Risk Committee.
- Any trustee may attend a meeting of the Finance, Audit and Risk Committee, including those who are not members of the Finance, Audit and Risk Committee.

Whilst the Finance, Audit and Risk Committee is responsible for directing the internal scrutiny, the findings must be made available to all trustees promptly. The Finance, Audit and Risk Committee will provide an annual summary report provided by the internal scrutineer/auditor and areas reviewed by internal scrutiny/audit covering key findings, recommendations and conclusions.

The Committee will meet at least three times a year. Minutes of meetings will be taken and will be submitted to the next scheduled meeting of the Trust Board once approved in draft by the Chair of the Finance, Audit and Risk Committee. A member of the Finance, Audit and Risk Committee will provide an update to the Trust Board at the next Trust Board meeting.

Remit of the Committee



1. Oversee and approve the Trust's programme of internal scrutiny
2. Ensure that risks are being addressed appropriately through internal scrutiny
3. Report to the board at least annually, on the adequacy of the trust's internal control framework, including the financial and non-financial controls and management of risks.
4. The Committee's oversight must ensure information submitted to DfE and ESFA that affects funding, including pupil number returns and funding claims (for both revenue and capital grants) completed by the trust and by constituent academies, is accurate and in compliance with funding criteria.
5. The Committee's oversight must extend to the financial and non-financial controls and risks at constituent academies.
6. The Committee will review these terms of reference and self-assess its performance against these terms of reference on an annual basis.
7. Establish and/or approve policies in line with the Trust's approved policy schedule.
8. Advise the Board on the effectiveness and resources of the external/internal auditors or scrutineers to provide a basis for their reappointment, dismissal, retendering and remuneration.
9. Advise the Trust on the scope and objectives of the work of the financial statements auditor and the internal audit service.
10. Ensure effective co-ordination between the internal audit service and the financial statements auditor.
11. Consider and advise the Trust on the audit strategy and annual audit plans.
12. Discuss with the financial statements auditor before their Audit commences the nature and scope of their audit, review their annual planning document and approve the planned audit approach.
13. Ensure the annual accounts are produced in accordance with the requirements of the Companies Act 1985 (and subsequent Acts), applicable accounting standards, the current charities Statement of Recommended Practice and the Education Skills and Funding Agency (ESFA) guidance issued to academies.
14. Advise the Trust Board on internal audit 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 management's responses to these.
15. Consider and advise the Trust Board on relevant reports or recommendations by the ESFA and other funding bodies, National Audit Office or other external body, and where appropriate, management's response to these.
16. Monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and spot-check reports (where appropriate) and the financial statements auditor's management letter ensuring any delays to agreed implementation dates are reasonable.
17. Establish, in conjunction with the Trust management, relevant annual performance measures and indicators for the audit service and financial statements auditor, performance against which will be reviewed at least annually.
18. Review, at least annually the Financial Regulations of the Trust and recommend any amendments to the Trust Board.
19. Be assured that the risk register and its design is fit for purpose and where appropriate 'deep dive' individual risks by inviting officers to an 'education and challenge' session.



20. Review the ratings and responses on the risk register to inform the programme of work, ensuring checks are modified as appropriate each year.
21. Consider reports at each meeting from those carrying out the programme of work and consider progress in addressing recommendations
22. Consider outputs from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations.
23. Ensure the Trust is robust in the benchmarking and achievement of Trust-wide value for money.
24. Produce an annual report for the Trust Board. This should include the Committee's advice on the effectiveness of the Trust's risk management, control and governance processes, and any significant matters arising from the work of the internal audit service and the financial statements auditor.
25. Ensure that all allegations of fraud and irregularity are properly managed and followed up.
26. Be informed of all additional services undertaken by the internal audit service and the financial statements auditors and ensure appropriate independence is maintained.
27. Ensure that any internal audit service is adequately resourced and has appropriate standing within the Trust.
28. Investigate any activity within the terms of reference, to seek information from the internal audit service, financial statements auditors, the Responsible Officer, Trust members, Committees and employees plus relevant information from sub-contractors and other third parties and to obtain Trust Board for approval.
29. Ensure that due diligence is carried out on a potential new school prior to any decision by the Trust Board to add a school to the Trust
30. Ensure that the implementation of the Trust's vision, values and mission is underpinned by sound financial and resource strategies.
31. Ensure that decisions taken are in accordance with the DfE funding agreements, Company and Charity Law, Education and Skills Funding Agency's (ESFA) and Academy Trust Handbook
32. Consider each of the academies indicative funding, notified annually by the DfE and to assess its implications for the relevant academy, drawing any matters of significance or concern to the attention of the Trust Board.
33. Consider and recommend acceptance or non-acceptance of the academies' budgets each financial year.
34. Contribute to the formulation of the strategic plan, through the consideration of financial priorities and proposals.
35. Receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year.
36. Monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan and with the financial regulations of the DfE, drawing any matters of concern to the attention of the Trust Board.
37. Monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and where appropriate make recommendations for improvement.
38. Approve the central charging structure.
39. Consider and recommend acceptance or non-acceptance of the three and five year budget plans to support the delivery of key priorities.



40. Receive and monitor the trust and academies management accounts.
41. Ensure robustness in benchmarking and trust wide value for money.
42. Review and approve trust wide procurement strategies and efficiency savings programme.
43. Oversee compliance to the Trust's Procurement policy.
44. Agree contracts constituting related party transactions.
45. Approve novel, contentious and repercussive payments within the remit of what the financial scheme of delegation permits.
46. Approve staff severance, compensation and ex-gratia payments when ESFA approval is required.
47. Approve write offs and liabilities when ESFA approval is required within the remit of what the financial scheme of delegation permits.
48. Be consulted when the existence of a redundancy situation is being determined (when over the value of £30K).
49. Ensure appropriate maintenance of the Trust's academies.
50. Keep oversight of health and safety issues including review and monitor the Health and Safety policy statement in order to safeguard the health and wellbeing of students, employees and visitors to any academy and to make recommendations to the Trust Board.
51. Keep oversight of the Trust's IT strategy and systems and make recommendations to the Trust Board.

