



The Southfield Trust

Terms of Reference for Finance and Audit Committee

Constitution

The Trustees Board (“the Board”) has resolved to establish a Finance and Audit Committee in accordance with the provisions of Article 6 of the Articles of Association to advise the Board on matters relating to the Corporation’s financial operations and management, audit arrangements and systems of internal control. This Committee shall operate in accordance with any requirements of the Education Funding Agency and any other national funding bodies. It is responsible to the Board.

The members of the Finance and Audit Committee shall be all trustees who have been appointed by the Members of the Trust. The chair shall be the chair of Trustees.

The Company Secretary will circulate minutes of meetings of the Finance and Audit Committee to all members of the Trustees.

The Executive Head in his or her role as Accounting Officer and the Director of Resources will normally attend meetings of the Committee.

The Trustees shall determine how often the Committee shall meet. The external auditor may request a meeting if he or she considers one necessary.

Authority

The Finance and Audit Committee is an advisory body with no executive powers. However, it is authorised by the Trustees to investigate any activity within its terms of reference, and to seek any information it requires from staff, who are requested to co-operate with the Committee in the conduct of its inquiries.

The Finance and Audit Committee is authorised to obtain independent professional advice if it considers this necessary.

The Committee is authorised by the Board to:-

1. investigate any activity within its terms of reference.
2. seek any information it requires from the internal audit service, the financial statements auditor, Trustees, Committees and Academies employees, plus relevant information from subcontractors and other third parties.
3. obtain external professional advice.

NB. The Board must not add to these terms of reference responsibilities that require the Audit Committee to adopt an executive role, or its members to offer professional advice to the Board. The Audit 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 Trustees and co-optees and only within their terms of reference.

Membership and quorum

The Committee shall consist of 6 members (all of whom shall be Trustees and at least one of whom shall have the relevant skills and expertise). 50% of members, rounded up represent a quorum, provided that there are a majority of Board members present.

Chairmanship

The Chair of the Committee shall be the Chair of Trustees. If the Chair is absent from a meeting, the members shall choose one of their number to act as Chair for that meeting.

Duties

The duties of the Committee with respect to financial operations and management shall be to:

1. review the Annual Budget in detail and to make recommendations to the Board
2. review the Academy's internal and external financial statements and reports to ensure that they reflect best practice;
3. discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff;
4. consider all relevant reports by the Director of Resources or the appointed external auditor, including reports on the Academy's accounts, achievement of value for money and the response to any management letters;
5. review the effectiveness of the Academy's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner;
6. review any report from the Director of Resources in relation to the operation of the Academy Buildings and Grounds;
7. review new and existing policies relating to the employment and conditions of staff at the Academy and make recommendations to the Trustees ;
8. review and monitor the Health and Safety policy statement in order to safeguard the health and wellbeing of students, employees and visitors to the Academy, and to make recommendations to the Trustees ;
9. review the recommendations of the Executive Head as to salaries particularly any discretionary awards;
10. review the operation of the Academy's code of practice for Trustees and Governors and code of conduct for staff;

The Trustees must ensure personnel management procedures have been identified, formally approved and documented to cover as a minimum:

1. recruitment (including references and police checks);
2. performance appraisal and review;
3. equal opportunities;
4. disciplinary (including absence policies);
5. grievance;
6. staff expenses.
7. consider any other matters where requested to do so by the Trustees ; and
8. report at least once a year to the Trustees on the discharge of the above duties.

The Trustees should also ensure that procedures are in place to ensure that employees of the academy are paid for work done in accordance with their contracts of employment with the academy.

In addition, the Trustees must ensure the academy has adequate insurance cover to support its activities as an employer, such as employers' liability insurance, fidelity insurance, trustee indemnity, public liability insurance and so forth.

The duties of the Committee with respect to Audit shall include:-

1. responsibility for monitoring the adequacy and effectiveness of the Academy's systems of internal control (including review of the statement of internal control) and its arrangements for risk management, control and governance processes and for securing economy, efficiency and effectiveness (value for money).
2. advising the Board on the appointment, re-appointment, dismissal and remuneration of the financial statements auditor and the internal audit service.
3. advising the Board on the scope and objectives of the work of the internal audit service and the financial statements auditor.
4. ensuring effective co-ordination between the internal audit service and the financial statements auditor
5. considering and advising the Board on the audit strategy and annual internal audit plans for the internal audit service.
6. advising the Board on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor, and management's responses to these.
7. monitoring, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the financial statements auditor's management letter.
8. considering and advising the Board on relevant reports by the National Audit Office, the Education Funding Agency (including those from the local provider financial assurance teams) and other funding bodies and, where appropriate, management's response to these.
9. establishing, in conjunction with Academy management, relevant annual performance measures and indicators and monitoring the effectiveness of the internal audit service and financial statements auditor through these measures and indicators and deciding, based on this review, whether a competition for price and quality of the audit service is appropriate.
10. monitoring the Academy's risk management plan and advising the Board on its adequacy and effectiveness
11. producing an annual report for the Board and accounting officer which should include the Committee's advice on the effectiveness of the Academy'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.
12. monitoring and advising the Board on any alleged fraud and irregularity in the Academy's financial and other control systems and ensuring that all allegations of fraud and irregularity are properly followed up.
13. being informed of all additional services undertaken by the internal audit service and the financial statements auditors.
14. recommending the annual financial statements to the Board for approval.

15. monitoring the effectiveness of the Academy's whistleblowing procedures meeting privately with the Internal and External Auditors, and separately with the Director of Finance at least once a year.

Meetings

1. The Committee shall meet as necessary but normally at least 3 time per year. The Chair or any two members may call a meeting.
2. The meetings shall be timely with the work of the Academy's internal audit service and the financial statements auditor.
3. Non-members may be invited to attend meetings.
4. The Company Secretary to the Committee will keep appropriate records of the proceedings.
5. The minutes of Committee meetings shall be circulated to all Board members.