

# **Ormiston Academies Trust (OAT)**

## **Financial Oversight and Risk Committee**

### **Terms of Reference**

**Reviewed and approved by the Board 19 July 2018**

#### **1. OBJECTIVE**

The objective of the committee is to assist the board in meeting its responsibilities of monitoring financial performance and forecasts, ensuring the adequacy and effectiveness of the financial reporting, the value for money of resources, major capital projects, and risk management for all OAT academies.

#### **2. CONSTITUTION**

- 2.1 The committee shall have such terms of reference and powers as the board shall decide and shall act in accordance with any legislation, regulation or direction issued by relevant regulators in particular the Department of Education, the Education & Skills Funding Agency, Ofsted, the Charity Commission and HMRC.
- 2.2 The Financial Oversight and Risk committee of the board shall be comprised of a minimum of three members and maximum of 6 members appointed by the board, a majority of which shall be Trustees.
- 2.3 The committee members shall be appointed by resolution of the board. Each member shall continue as a member until a successor is appointed, unless the member resigns, or is removed by resolution of the board or otherwise ceases to be a member of the board.
- 2.4 Where a vacancy occurs at any time in the membership of the committee, it may be filled by the board, and shall be filled by the board if the membership of the committee is less than three members as a result of the vacancy.

- 2.5 The board, or in event of its failure to do so, the committee, shall appoint a Chair from among the committee members. If the Chair of the committee is not present at any meeting of the committee, the Chair of the meeting shall be chosen by the committee from among the members present.
- 2.6 The Chair and Vice Chair of the board, and the CEO are entitled to attend by virtue of their office but unless appointed by the board to the committee shall be non-voting.
- 2.7 No more than two other individuals shall be co-opted to the committee, by the board but who shall not have voting rights. Such advisory members may serve for a period of three years and at the end of that term the board can extend the appointment for a further term of three years.
- 2.8 The committee may invite any person to be present at a meeting for any reason or who are specifically determined by the Board. These for the time being are the National Director of Finance, the Head of Academy Finances and Head of Finance. Such people will be non-voting.
- 2.9 The committee will meet as and when required, but at least four times a year, and at such other times as the Trust Secretary shall convene at the request of a Committee member, and shall report directly to a meeting of the board. In respect of clause 5.1.4 electronic meetings are allowed.
- 2.10 The quorum for a meeting is a minimum of two of the appointed committee members.
- 2.11 The committee is authorised by the board to investigate any activity within its terms of reference, to seek any information it requires from any employee and engage any professional advisors in the proper discharging of its duties within the agreed budget for the financial year.
- 2.12 The Chair presiding at any meeting of the committee shall have a vote in all matters considered by the committee. In the event of a tie the motion is defeated.
- 2.13 The committee shall make recommendations or decisions as required for the fulfilment of the board's mandate and those specific responsibilities and duties delegated to the committee.

### **3.0 COMMITTEE GOVERNANCE**

- 3.1 The committee will receive an agenda and papers at least a week before the meeting unless it is an emergency meeting when shorter notice shall be given providing all committee members are involved in setting the date.
- 3.2 Minutes of all meetings shall be prepared and circulated within 10 working days of the meeting.
- 3.3 Committee members can be present at a meeting via telecommunication.
- 3.4 Committee meetings will be held at times and locations convenient to the members, always considering value for money.
- 3.5 Committee meetings shall whenever possible be held at least three weeks before board meetings, noting this may be difficult due to the timescales in respect of the review and approval of the annual financial statements.
- 3.6 In respect of clause 5.1.4 a summary paper may be circulated to committee members for agreement by email/telephone conferencing given that commercially the review may be needed outside the committee cycle, such decisions to be included in the minutes of the next formal meeting.

### **4.0 DUTIES AND RESPONSIBILITIES**

#### **4.1 Business Oversight:**

- 4.1.1 Review the short and medium term financial strategy to ensure the financial stability of OAT and individual academies.
- 4.1.2 Consider the plans, policies and procedures required to deliver the agreed financial strategy.
- 4.1.3 Review at least termly the monthly management information from the academies and head office against budgets and forecasts. The committee shall provide a report to the board on the results of its review at the next regular board meeting, drawing any matters of concern to the attention of the Board.

- 4.1.4 Consider the budget and recommend approval/non approval to the board and similarly for any financial aspects of the annual business plan.
- 4.1.5 Oversee the safeguarding of investments including reviewing the return on these investments and to agree any investment strategy to be approved by the board and oversee its subsequent implementation.
- 4.1.6 Review any procurement to ensure value for money, due process and the financial justification for any capital or revenue contract where the commitment is greater than £250,000 in any one year or a commitment for more than £125,000 per annum for a contractual period of 2 years or more.
- 4.1.7 Review the OAT's investment principles and policies ensuring that it reflects the board's attitude to risk and asset allocation.
- 4.1.8 Review OAT's pension scheme arrangements and make recommendations to the board following any valuations - triennial, FRS 102.

## **4.2 Internal Controls and Risk**

- 4.2.1 Review and report to the board on the system of internal controls and policies to ensure compliance with legal, ethical, regulatory and financial reporting requirements.
- 4.2.2 The committee shall present to the board for approval annually the scheme of financial delegation and procurement for head office and academies.
- 4.2.3 Review, monitor and report to the board at least annually on the policies and procedures that management have developed to identify and manage the principal risks of the organisation, including the results of the implementation of appropriate systems to monitor these procedures.
- 4.2.4 Ensure the adequacy and effectiveness of the system of internal controls in relation to the financial

reporting, management information systems and risk management.

- 4.2.5 Keep an overall review of all management, financial and administrative procedures to maximise their effectiveness for the organisation.
- 4.2.6 Ensure the adequacy and effectiveness of the policies and procedures in relation to the protection and safeguarding of children and young people in the Trust's academies.
- 4.2.7 Ensure the adequacy and effectiveness of the policies and procedures in relation to the management of Health & Safety aimed at ensuring the health, safety and wellbeing of all staff, students, visitors, contractors and any others who may be directly affected by OAT's activities.
- 4.2.8 Review annually, the insurable risks and insurance coverage.
- 4.2.9 Monitor the risks and progress associated with any capital programme over £500,000.
- 4.2.10 Oversee the management of all premises and estates matters.
- 4.2.11 Consider the risks associated with the provision and use of IT equipment within the academies.
- 4.2.12 Monitor the local demographics and trends of pupil numbers for the academies because of the effect that increases or decreases can have on academy budgets.
- 4.2.13 Oversee and monitor the HR support that is provided to the academies, both centrally and locally.
- 4.2.14 To consider any major change to Trust HR policies or major restructuring programmes ( more than xx staff)
- 4.2.15 To ensure effective measures are in place to promote equality and diversity in employment

- 4.2.16 Review the arrangements for whistleblowing for employees to raise concerns in confidence and ensure that the arrangements are proportionate and independent investigation of possible wrongdoing and appropriate follow up action.
- 4.2.17 To review the Trust's high level risks to the Trust objectives and report any concerns to the board.
- 4.2.18 To recommend to the board for approval the Trusts risk management policy including the acceptable levels of risk the Trust are prepared to carry in key areas.
- 4.2.19 The Committee will recommend the bank mandate and payment authorisers to the Board for approval in accordance with Section 98 of the Article of Association

### **4.3 Performance**

The Committee shall evaluate its performance regularly, including any recommendations for the terms of reference, membership and training needs. This evaluation shall be reported to the board.