

Lincoln Anglican Academy Trust

Terms of Reference for the Finance Committee

1 Constitution

- 1.1 The board of directors of the Lincoln Anglican Academy Trust (LAAT Board) hereby resolves to establish a committee of the Trust Board to be known as the Finance Committee.

2 Membership

- 2.1 The finance committee shall have a minimum of three members. A majority of finance committee members must be Directors of the LAAT Board.
- 2.2 Subject to paragraph 2.4, the Committee shall at the first meeting of each academic year elect a member to act as chair of the Committee (the Chair). The Committee will elect a temporary replacement from among the members present at the meeting in the absence of the Chair.
- 2.3 No person may act as Chair under paragraph 2.3 unless they are also a member of the Trust Board. The Chief Executive Officer, however, may not act as Chair.
- 2.4 The clerk to governors will minute the finance committee meetings.
- 2.5 The finance committee may invite attendance at meetings from persons who are not Directors or Committee members to assist or advise on a particular matter or range of issues. Such persons may speak with the permission of the Chair but shall not be entitled to vote.

3 Remit and responsibilities of the Finance Committee

- 3.1 The finance committee shall be responsible for the matters set out in the Schedule.

4 Proceedings of Finance Committee meetings

- 4.1 The finance committee will meet as often as is necessary to fulfil its responsibilities but at least three times a year.

- 4.2 Any two finance committee members can request that the Chair convene a meeting by giving no less than 14 days' prior notice.
- 4.3 The quorum for the transaction of the business of the finance committee shall be a majority of the finance committee members and no vote on any matter shall be taken at a meeting of the finance committee unless the majority of members of the finance committee present are Directors of the Trust.
- 4.4 Every matter to be decided at a meeting of the finance committee must be determined by a majority of the votes of the members present and voting on the matter.
- 4.5 Each member present in person shall be entitled to one vote.
- 4.6 Where there is an equal division of votes the Chair shall have a casting vote.
- 4.7 A register of attendance shall be kept for each Committee meeting and published annually.

5 Authority

- 5.1 The finance committee is authorised by the LAAT Board to:
 - 5.1.1 carry on any activity authorised by these terms of reference; and
 - 5.1.2 seek any appropriate information that it requires from any officer of the LAAT board and all officers shall be directed to co-operate with any request made.

6 Reporting Procedures

- 6.1 Within 14 days of each meeting the finance committee will:
 - 6.1.1 produce and agree minutes of its meetings;
 - 6.1.2 provide a summary document identifying (i) decisions made, (ii) recommendations to the LAAT Board, (iii) any items for the information of the LAAT Board and (iv) items for further discussion by the LAAT Board.

(together called the "Committee Reports").
- 6.2 The Committee Reports can be agreed by finance committee members by email.
- 6.3 The Committee Reports will be sent to the LAAT Board within 21 days following each finance committee meeting.
- 6.4 The finance committee shall arrange for the production and delivery of such other reports or updates as requested by the LAAT Board from time to time.
- 6.5 The finance committee shall conduct an annual review of its work and these terms of reference and shall report the outcome and make recommendations to the LAAT Board.

Schedule

Responsibilities of the Finance Committee

1. To lead the development of strategic plans and provide leadership on financial issues.
2. To consider the Academies' annual indicative funding (as notified by EFA) and assess the implications for LAAT, in consultation with the LAAT Trust finance function and Head Teachers, in advance of the academic year. Any matters of significance should be drawn to the attention of the LAAT Board.
3. To agree and make recommendations to the LAAT Board on the broad budget headings and areas of expenditure to be adopted each year.
4. To receive the Academies' proposed annual budget from the LAAT Trust finance function, consider and recommend the acceptance/non acceptance to the Board of Directors at the start of each academic year. This should include the level and use of contingency funds or balances.
5. To receive, consider and approve budget updates as prepared by the LAAT finance function with Head Teachers and SBMs including virement requests, major variance reports, staffing costs, allocation of curriculum development costs and forecast operational costs. Submit quarterly overview report to the Board of Directors, highlighting any specific concerns as required.
6. To receive copies of the Academy Development Plan(s) (and any subsequent updates) and review the financial implication of these. The plans should include detailed objectives, costs and success criteria for measuring success for the coming academic year and outline objectives for the following two years.
7. To annually review and approve the finance policy, ensuring that all the requirements of the Academies' Financial Handbook are met. Report amendments to the LAAT Board, as required.
8. To monitor and review financial operation procedures to ensure effective implementation and operation, including progress against the "Financial Imperatives" and, where appropriate, to make recommendations for improvement.
9. To consider financial benchmarking and consider how financial performance could be improved.
10. To provide relevant financial information to other Committees as required by them to make decisions on issues within their delegation.
11. To consider and approve declaration of Earmarked Funds and Reserve Spend requests.
12. To prepare the financial statement to form part of the Annual report of the Board of Directors, for filing in accordance with the Companies Act and the Charity commission requirements.
13. To ensure adequate insurance cover is in place to support all LAAT responsibilities such as employers' liability, fidelity, building, Director's indemnity, public liability insurance etc.
14. To review the LAAT risk register document on a regular basis and update accordingly.
15. To give approval for disposal of asset(s) where the original cost was >£10k and <£20k and authorise requests in writing to EFA for disposal of an asset(s) in excess of >£20k in line with Financial Procedures.
16. To approve write-off of any debts (or liaise with EFA if value of debt is greater than as stated in their guidance).
17. To receive an annual summary of all service contracting arrangements with a value of >£20k.

18. To agree policy for Governors expense allowances.
19. Review annually the LAAT's policies on fraud and whistle-blowing.
20. Consider (and approve) the LAAT's charging and remissions policies.
21. To review these functions annually and propose any amendments to the Board.
22. Review the Academies' internal and external financial statements and reports to ensure that they reflect best practice
23. Review the risks to internal financial control of the Academy Trust and establish a programme of work to address these risks, inform the statement of internal control and, so far as is possible, provide assurance to external auditors.
24. Review the effectiveness of the LAAT's internal control system to ensure that the aims, objectives and key performance targets of the organisation are achieved.
25. Ensure that the LAAT's internal control systems meet, or exceeds, the standards specified in the Academies Financial Handbook and complies in all other respects with these guidelines and that Academies are adhering to internal controls.
26. Ensure the LAAT is independently audited by an approved registered auditor.
27. Recommend to the Board the appointment (or reappointment) of the LAAT auditors, as required.
28. Submit the annual accounts and external audit management letter to the EFA within the prescribed timescales.
29. Respond to the external auditor's management letter and inform the Board of any significant issues.
30. Consider internal audit reports and recommend to the Finance Committee / Board action as appropriate to respond to findings.
31. Review the operation of the LAAT's code of practice for Board members and code of conduct for staff.
32. Review annually the LAAT's Health & Safety policy, ensuring it meets all requirements of relevant legislation.
33. Oversee Health & Safety issues to ensure compliance with LAAT policy. Receive Health & Safety reports and recommend action to the LAAT Board as required.
34. Review annually the LAAT's delegation of financial responsibilities.
35. Consider any other matters where requested to do so by the LAAT Board.
36. Report at least once a year to the LAAT Board on the discharge of the above duties as required.
37. To review these functions annually and propose any amendments to the LAAT Board.

