The Pope Francis Catholic Multi Academy Company

Finance and Audit Committee – Terms of Reference

Purpose
To monitor the work of the MAC in terms of its financial control, estates management and health and safety. To make appropriate reports and recommendations on such matters, to the Board of Directors on a regular basis and refer major issues to the Board of Directors for ratification.

Membership
Three directors as chosen by the Board.
The CEO and CFO will be in attendance. Operations Manager will attend meetings when Estates and Health and Safety matters are on the agenda and Governance Manager will attend meetings when Risk, Data Protection, Governance and Audit matters are on the agenda.

Quorum
Two members.

Chair
The chair of the committee will elected from amongst the members of the Committee, annually at the first Board meeting of the year.

Meetings
At least six times a year.

Responsibilities

Finance

1. To ensure that a Financial Procedures Manual consisting of finance policies, including the financial Scheme of Delegation is in place for the PFMAC. The manual will be recommended to the Board for approval and be reviewed annually.

2. The CFO will report to the committee on an assessment of the budget position and financial management of each school wishing to join the PFMAC, which the committee will consider as part of the conditions for acceptance.

3. To review with the CSEL and the CFO the projected income of both the PFMAC and the schools compared to the estimated expenditure for at least three years (or for the period of the individual school's Improvement Plans), and where there are any potential budget issues take such actions as may be appropriate or refer to the Board.

4. To recommend to the Board financial sections for the PFMAC's Development Plan and oversee the financial section of any school development and improvement plan.

5. To consider and recommend to the Board the annual formula budgets prepared by the LGBs and by the CFO in respect of central functions.

6. To consider and explore all means of external finance available to the MAC.

7. To consider and ratify where appropriate, all expenditures, contracts, asset disposals or virements exceeding values, durations or terms specified in the Financial Handbook or Schemes of Delegation as beyond the authority of the Executive, Headteachers and Chairs of LGBs. To collectively report such decisions to the Board as part of the regular reporting by the committee or to refer such decisions to the Board (with a recommendation) where the Finance committee considers there may be a strategic impact on the company's financial viability.

8. To consider regular budget monitoring reports and periodic strategic financial projections prepared by the CFO and submit reports to the Board of Directors on the budget position, together with any proposed corrective action to address significant variances between expenditure and budget.

9. To prepare financial analysis and projections for the PFMAC's 3-year Development Plan.

10. In consultation with the People and Governance Committee, consider the effect on the budget of changes in pay structure and of any new appointments or changes in existing employees' salaries.

11. Ensure that the PMFAC's formal financial procedures are reviewed at least annually paying particular attention to any recommendations made by internal or external audit.

12. Where financial benchmarking is available, use it to compare expenditure with similar schools/academies and to review the value for money statement and efficiency and financial effectiveness throughout the academy company.

13. Review annually all insurance arrangements for the PFMAC.

14. Consider reports and funding proposals from the PFMAC's improvement plan.

15. To receive reports from the Internal/External auditor following each monitoring visit. To ensure the Executive acts on any recommendations.

16. Oversee the Business Continuity Plan.

17. Review the Risk Register regularly, having a specific responsibility for oversight of risk(s) as identified in the PFMAC's Risk Register.

18. Agree the Annual Report and Accounts (in accordance with DfE/ESFA, Companies Act and Charity Commission requirements) for approval by the Board, in consultation with Education Standards Committee and People and Governance Committee.

Financial Reporting

19. To review the actions and judgements in relation to PFMAC's financial statements, operating and financial review, paying particular attention to critical accounting policies and practices, and any changes in them:
    a. Decisions requiring a significant element of judgement;
    b. The extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
    c. The clarity of disclosures;
    d. The going concern assumption;
    e. Compliance with accounting standards;
    f. Compliance with DfE/ESFA and relevant statutory requirements;

g. Material post balance sheet events;
h. Relationships and transactions arising from PFMAC's association with other Diocesan organisations.

Governance Statement

20. The outcome of the committee's work should inform the Governance Statement (including the way in which the MAC monitors regularity, propriety and value for money) that accompanies the MAC's annual accounts and so far, as is possible, provide assurance to external auditors.

Internal Control and Risk Management

21. To review PFMAC's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters.

22. To review management's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management.

23. To monitor the integrity of the MAC's internal financial controls.

24. To review the statement in the annual report and accounts on the MAC's internal controls and risk management framework.

25. To assess the scope and effectiveness of the systems to identify, assess, manage and monitor financial and non-financial risks.

26. The Committee shall oversee the effectiveness of data protection, information governance and cyber security. This will include reviewing audit findings and assurance reports, monitoring compliance with UK GDPR and related legislation, ensuring appropriate cyber security awareness and training arrangements are in place, and recommending the approval and periodic review of relevant policies and procedures.

Internal Audit/Responsible Officer

27. To plan, monitor and review the internal scrutiny program.

28. To review the reports of the Auditor (Responsible Officer) on the effectiveness of the financial procedures and controls. These reports must be reported to the Board of Directors.

External Audit

29. To recommend to the Board of Directors the appointment or re-appointment of Auditors

30. To consider the audit plan, in advance of the field work.

31. To review with the external auditors the findings of their work, including any major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved; key accounting and audit judgements; levels of errors identified during the audit, obtaining explanations from management and, where necessary the external auditors as to why certain errors might remain unadjusted.

32. To review and monitor the content of the external auditor's management letter and especially, establish whether recommendations have been acted upon and if not, the reasons why they have not been acted upon.

Estates, Health and Safety

33. The committee will review the PFMAC's overarching Health and Safety policy and performance annually, and oversee the action plans of the individual schools and ensuring that the PFMAC takes all reasonable steps to comply with the Health and Safety at Work Act (1974) and related legislation.
34. The committee will oversee building matters (especially those with a value exceeding a threshold in the Financial Manual) relating to the construction, improvement, site maintenance, together with insurance.

35. The committee will monitor and review external estates/property contracts (with a value in excess of that specified in the Financial Manual), considering proposals for renewal or otherwise as appropriate.

36. The committee will review annually the PFMAC's Lettings Policy and oversee arrangements for the use of the PFMAC's school premises.

37. The committee will monitor the progress of new buildings, ensuring they are fit for purpose and represent best value.

38. Review and approve the board's Finance, Estates and Health and Safety related policies and the effectiveness of their implementation.

Reporting

39. Report to the board after each meeting on the nature and content of its discussion, recommendations and action to be taken.

40. Make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.