Elements
Diocesan Learning Trust
Flourishing together, in the love of God.

FINANCE, AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

2026-2027

ELEMENTS DIOCESAN LEARNING TRUST
FINANCE, AUDIT AND RISK COMMITTEE TERMS OF REFERENCE
CHRISTIAN VISION

Together we flourish, in the love of God. This Committee will carry out its responsibilities in a manner that reflects the Trust's Christian foundation, ensuring faithful stewardship of resources, integrity in decision-making, accountability for public funds and service to children, families and communities.

1. PURPOSE

The Finance, Audit and Risk Committee ("the Committee") is a committee of the Trust Board and exists to provide assurance and advice to the Board regarding:

- financial sustainability and stewardship;
- audit and assurance arrangements;
- risk management and internal control;
- regulatory compliance;
- estates and resource management;
- value for money;
- financial planning and monitoring; and
- cyber, digital and operational risks.

The Committee shall support the Board in ensuring that resources are deployed effectively in furtherance of the Trust's Christian vision and charitable objectives, enabling all schools to flourish in the love of God and deliver excellent educational outcomes for every child.

2. RESPONSIBILITIES

The Committee shall:

- maintain oversight of the Trust's financial, governance, risk management and internal control systems;
- provide assurance to the Board regarding solvency, probity and financial sustainability;
- oversee the effectiveness of audit, internal scrutiny and assurance arrangements;
- review compliance with the Academy Trust Handbook, Funding Agreement and relevant statutory requirements;
- monitor delivery of the Trust's financial strategy and key financial objectives;
- report regularly to the Trust Board and provide annual assurance reporting where required.

3. AUTHORITY

The Committee is authorised by the Trust Board to:

- investigate any activity within these Terms of Reference;
- request any information it requires from employees, officers, advisers, auditors, internal scrutineers or assurance providers;
- obtain external legal, financial or professional advice where necessary;
- commission investigations or reviews relevant to its responsibilities;
- review any area of financial, audit, risk, estates or compliance activity delegated to it by the Board.

4. MEMBERSHIP

Membership

The Committee shall comprise:

- a minimum of three Trustees/Directors;
- at least one member with recent and relevant financial, accountancy, audit or assurance expertise;
- such co-opted non-voting members as the Board may approve.

The following shall normally attend:

- Chief Executive Officer (Accounting Officer);
- Chief Financial Officer;
- Internal Scrutineer (when required);
- External Auditor (when required);
- Other officers as invited by the Chair.

Employees of the Trust shall not be voting members of the Committee.

Chair

- The Chair shall be appointed or elected annually.
- The Chair of the Trust Board shall not serve as Chair of the Committee.
- In the absence of the Chair, members present shall appoint a Chair for that meeting.

Training and Development

The Chair shall ensure:

- appropriate induction for new members;
- regular development and training opportunities;
- maintenance of sufficient financial expertise within the Committee to meet Academy Trust Handbook expectations.

5. MEETINGS

- The Committee will meet at least three times per year and normally up to six times per year.
- Additional meetings may be called by the Chair or any two members.
- Meeting papers will normally be circulated at least five working days before the meeting.
- Any Director may attend and contribute to discussion.
- Voting rights remain with Committee members only unless otherwise determined by the Board.

Where votes are tied, the matter shall be referred to the next full meeting of the Trust Board.

6. QUORUM

The quorum shall be two members.

No vote shall be taken unless a majority of those present and voting are Trustees/Directors.

7. DUTIES AND RESPONSIBILITIES

A. FINANCE

The Committee shall:

- review and recommend the annual Trust budget for Board approval;
- review and monitor a rolling three-year financial plan;
- monitor financial performance through regular management accounts;
- review significant variances against budget and forecast;
- monitor reserves, cash flow and financial sustainability;
- ensure effective use of Integrated Curriculum Financial Planning (ICFP);
- oversee value for money and resource deployment;
- review charges, remissions and expenses policies;
- approve expenditure and financial commitments within delegated limits;
- oversee central service agreements and major procurement activity;
- ensure compliance with the Academy Trust Handbook and Trust financial regulations;
- monitor voluntary and restricted funds;
- receive assurance regarding going concern risks and recommend action to the Board where necessary.

B. AUDIT AND INTERNAL SCRUTINY

The Committee shall:

- oversee the Trust's programme of internal scrutiny;
- approve an annual internal scrutiny plan based upon identified risks;
- review all internal scrutiny reports;
- monitor implementation of recommendations;
- assess the effectiveness of the Trust's internal control framework;
- review systems, controls, transactions and governance processes;
- conduct an annual review of the effectiveness of internal scrutiny arrangements;
- recommend appointment, reappointment or replacement of the internal scrutineer;
- ensure appropriate coordination between internal scrutiny, external audit and other assurance providers.

C. EXTERNAL AUDIT

The Committee shall:

- review the annual external audit strategy and audit plan;
- review the annual report and financial statements prior to Board approval;
- publish a summary statement alongside their annual accounts explaining the distribution of funds across schools
- review the auditor's management letter and findings;
- Notify the DfE, via the Accounting Officer, where a going-concern risk is identified;
- monitor management responses to audit recommendations;
- assess the effectiveness and independence of the external auditor annually;
- recommend appointment or reappointment of external auditors to Members;
- receive assurance that annual accounts are submitted within required timescales;
- produce an annual report to the Board on audit and assurance matters.

D. RISK MANAGEMENT

The Committee shall:

- oversee the Trust Risk Management Framework;
- review the Trust Risk Register at each meeting;
- undertake a full annual review of strategic risks;
- monitor mitigation plans and control effectiveness;
- direct internal scrutiny activity toward key risk areas;
- provide assurance to the Board regarding risk management effectiveness;
- monitor risks associated with:
    - educational standards;
    - safeguarding;
    - finance;
    - growth and organisational change;
    - estate compliance;
    - workforce and succession;
    - reputation;
    - cyber security;
    - digital infrastructure;
    - regulatory compliance;
    - changes in government policy.

Risk management shall be embedded within the Trust's decision-making processes and Christian values of stewardship, accountability and service.

E. ESTATES, RESOURCES AND COMPLIANCE

The Committee shall:

- provide assurance regarding statutory compliance relating to estates and premises;
- oversee estate management budgets;
- monitor condition, compliance and sustainability of Trust buildings;
- oversee capital investment planning;
- ensure public funds and charitable assets are used effectively and efficiently;
- receive reports covering health and safety, estates compliance and major projects;
- ensure high standards of resource management across the Trust;
- make recommendations to the Board regarding significant estates decisions.

F. DIGITAL AND CYBER SECURITY

The Committee shall:

- monitor cyber security risks and controls;
- ensure cyber risks are reflected within the Risk Register;
- oversee assurance relating to digital resilience;
- monitor progress towards the Department for Education Digital and Technology Standards by 2030;
- receive reports relating to cyber incidents, business continuity and technology risk.

G. FINANCIAL COMPLIANCE AND REGULARITY

The Committee shall oversee assurance that:

- record consideration of DfE purchasing opportunities using specified routes unless a compliant, comparably priced alternative is available
- conflicts of interest are managed appropriately;
- related-party transactions comply with Academy Trust Handbook requirements;
- purchasing decisions demonstrate value for money;
- debt write-offs comply with regulatory requirements;
- special severance payments comply with applicable guidance, legal advice is sought, value for money is demonstrated and a clear evidence trail retained. Prior DfE approval is required in specified cases;
- serious incidents, frauds and irregularities are properly investigated and reported;
- significant financial losses are identified, investigated and reported appropriately;
- ransom payments following cyber-attacks are not authorised.

H. REMUNERATION OVERSIGHT

The Committee shall provide oversight and recommendations to the Trust Board regarding:

- remuneration strategy;
- executive pay benchmarking;
- compliance with the Trust Pay Policy;
- assurance that executive pay decisions are evidence-based, proportionate and documented;
- workforce affordability considerations.
- consistency with public sector expectations.
- Executive pay does not increase at a faster rate than that of teachers.

Final determinations shall remain with the body designated within the Trust's Scheme of Delegation.

8. REPORTING

The Committee shall:

- report to the next Trust Board meeting following each meeting;
- provide copies of approved minutes to the Board;
- provide an annual report covering:
    - key audit findings;
    - internal scrutiny outcomes;
    - risk management effectiveness;
    - financial assurance matters;
    - committee effectiveness and areas for development.

The Committee's work shall be reflected within the Trust's Annual Report and Accounts where appropriate.

9. COMMITTEE EFFECTIVENESS

The Committee shall annually review:

- its effectiveness;

- compliance with these Terms of Reference;
- membership, skills and training needs;
- alignment with Academy Trust Handbook requirements and governance best practice.

Recommendations shall be made to the Board for improvement where necessary.

10. CONFIDENTIALITY

All information received in connection with the work of the Committee shall be treated as confidential unless designated otherwise by the Trust Board.

Committee papers, discussions and reports shall remain confidential except where disclosure is authorised or legally required.

11. REVIEW

These Terms of Reference shall be reviewed annually and recommended to the Trust Board for approval.

Approved: September 2026
Next Review: September 2027