

Audit and Finance Committee Terms of Reference



1 Constitution

- 1.1 Under Article 100b the South Bank Academies Board has established a committee of the Board known as the Audit and Finance Committee.
- 1.2 The purpose of the Audit and Finance Committee is to oversee SBA's audit and finance arrangements and performance and systems of internal control and advise the Board on their effectiveness.
- 1.3 The Board of LSBU has established a Group Audit and Risk Committee to review LSBU specific and group-wide audit matters.

2 Membership

- 2.1 The Audit and Finance Committee and its chair shall be appointed by the Board, from among its own members, and must consist of members with no executive responsibility for the management of the institution.
- 2.2 There shall be no fewer than three members; a quorum shall be at least two members.
- 2.3 The Chair of the Board should not be a member of the committee.
- 2.4 Members should not have significant interests in SBA.
- 2.5 Members of the committee should include individuals with an appropriate mix of skills and experience to allow the committee to discharge its duties effectively. Collectively members should have recent, relevant experience in risk management, finance and assurance.
- 2.6 The committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

3 Attendance at meetings

- 3.1 The Chief Executive, Chief Financial Officer/Business Manager and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed.
- 3.2 At least once a year the committee should meet with the external and internal auditors without any officers present.

4 Frequency of meetings

- 4.1 The committee will meet as often as is necessary to fulfil its responsibilities, but as a minimum at least three times per year. The external auditors may request a meeting if they consider it necessary.

5 Authority

- 5.1 The committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the committee.
- 5.2 The committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the Chief Executive Officer and/or Chair of the Board. However, it may not incur direct expenditure in this respect in excess of £20,000 without the prior approval of the Board.
- 5.3 The committee will review the financial and audit aspects of the draft annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the external auditors' management letter. The committee should, where appropriate, confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed, and report to the Board.

6 Secretary

- 6.1 The secretary to the Audit and Finance Committee will be the trust's governance professional or other appropriate person nominated by the governance professional.

7 Duties

- 7.1 The duties of the committee shall be to:

Audit:

- 7.1.1 , advise the Board on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors, and any questions of resignation or dismissal of the external auditors;
- 7.1.2 discuss with the external auditors, before the audit begins, the nature and scope of the audit;
- 7.1.3 as necessary, to hold regular discussions with the external auditors (in the absence of management where necessary);
- 7.1.4 consider and advise the Board on the appointment and terms of engagement of the internal audit service (and the head of internal audit if applicable), the audit fee, the provision of any non-audit services by the internal auditors, and any questions of resignation or dismissal of the internal auditors;
- 7.1.5 review the group internal auditors' audit risk assessment, strategy and programme for SBA; note the group internal audit programme, consider major findings of internal audit investigations and management's response for audits of SBA; consider a summary of internal audit reports relating to group-wide audits; and promote co-

ordination between the internal and external auditors. The committee will monitor that the resources made available for internal audit by the executive are sufficient to meet SBA's needs (or make a recommendation to the SBA Board or the Group Audit and Risk Committee as appropriate);

- 7.1.6 keep under review the effectiveness of the risk management, control and governance arrangements, and in particular review the external auditors' management letter, the internal auditors' annual report, and management responses;
- 7.1.7 monitor the implementation of agreed audit-based recommendations, from whatever source;
- 7.1.8 monitor the proper investigation by the executive of all significant losses and that the internal and external auditors, and where appropriate the funding agency's accounting officer, have been informed;
- 7.1.9 note the group policy on anti-fraud and irregularity, including being notified of any action taken under that policy that relates to SBA;
- 7.1.10 satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness;
- 7.1.11 receive any relevant reports from the National Audit Office (NAO), the ESFA funding agency and other organisations;
- 7.1.12 monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the Board and the Member concerning their reappointment, where appropriate;
- 7.1.13 consider elements of the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of members' responsibilities and the statement of internal control, in accordance with the funding agency accounts directions;
- 7.1.14 in the event of the merger or dissolution of the company, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed;
- 7.1.15 advise the Board on the effectiveness of the internal control system and recommend changes as necessary;
- 7.1.16 review regularly the financial regulations for the supervision and control of financial procedures, accounts, income and expenditure of SBC and to advise the Board as necessary;
- 7.1.17 monitor compliance with relevant regulatory and legal requirements (e.g. ESFA financial memorandum and funding agreement) and report to the Board as necessary;
- 7.1.18 receive reports made under the group "speak up" policy relating to SBA matters and to monitor annually the performance and effectiveness of the group "speak up" policy and procedures for SBA;
- 7.1.19 to authorise single debt write offs above £10,000 and annual debt write offs above £50,000. To receive a report on any debt written off below this threshold and approved by the Chief Financial Officer;
- 7.1.20 to consider significant deviations from business case or concerns following a post investment review.

Finance:

- 7.1.21 review the annual budget and three-year forecasts and recommend to the Board;
- 7.1.22 review the most recent monthly management accounts against budget and report on such to the Board;

- 7.1.23 to advise the Board on financial performance targets and policies and ensure measurement against targets and application of financial policies;
- 7.1.24 to receive assurance that financial information is both accurate and presented in such a way that it facilitates good governance and management;
- 7.1.25 to scrutinise and evaluate regularly SBA's current and forecast cashflow and to inform the Board of any concerns;
- 7.1.26 to scrutinise from a financial perspective the draft annual report and accounts and advise the Board accordingly.

8 Reporting procedures

- 8.1 The minutes (or a report) of meetings of the Audit and Finance Committee will be circulated to all members of the Board.

Approved by the South Bank Academies Board on 10th October 2023