



The
**Balcarras
Trust**

Finance Audit and Risk Committee (FAR) Terms of Reference

The Balcarras Trust

Reviewed by Trustees

Date approved by Trustees: September 2025

Review Date: September 2026

The board of trustees (**Trust Board**) of The Balcarras Trust (**Academy Trust**) has established a committee of the Trust Board to be known as the Finance Committee (FC). These are its terms of reference.

Membership

The Committee will be appointed by the Trust Board and will comprise no more than five and no fewer than three members, of whom a majority will be Trustees.

The Trust Board will appoint one of the members of the Committee as its chair. For the avoidance of doubt, in respect of audit and risk business, if the Chair of Trustees is a member of the Committee, he / she must not be appointed as the Chair of the Committee.

Employees of the Academy Trust shall not be members of the Committee in respect of audit and risk business, but the Chief Executive Officer and the Chief Financial Operating Officer may attend to provide information and participate in discussions.

The Governance Professional will provide clerking support as required. Should they be unavailable, an appropriately qualified clerk from within the Trust may be appointed to ensure continuity and effective support.

Attendance

The Committee may ask the Chief Executive Officer and the Chief Financial Operating Officer and any other senior executive to attend meetings of the Committee either regularly or by invitation. Invitees have no right to attend Committee meetings.

In respect of audit and risk business, the Committee will ask a representative of the external auditors and the head of internal audit to attend meetings as they consider necessary and in consultation with the representative of the external auditors. The Committee will have at least one annual meeting, or part of one meeting, with each of the external auditor and the head of internal audit without the senior executives being present.

Voting

The quorum for each meeting shall be one half of the members of the Committee rounded up and a majority of those present must be Trustees. In respect of audit and risk business, members of the Committee who are employees of the Academy Trust are not included in the quorum. Decisions of the Committee shall be taken by a simple majority of those present and voting. The Chair will have a casting vote on an equality of votes. In respect of audit and risk business, members of the Committee who are employees of the Academy Trust shall not take part in any voting but may be present to provide information and participate in discussions.

Meetings

The Committee shall meet on such dates as shall be determined by the Committee from time to time and at such other time as the Clerk shall specify at the request of any member of the Committee.

Meetings can be requested by the external or internal auditors if they consider that one is necessary.

Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda shall be sent to each member of the Committee and any other person invited or required to attend no fewer than seven working days prior to the date of the meeting.

Minutes

The Clerk will minute the proceedings and resolutions of the Committee and ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

Minutes of each Committee meeting will be sent to all members of the Committee and the Trust Board within seven working days of the meeting.

Authority

The Committee is authorised by the Trust 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 cooperate with any request made by the Committee.

The Committee is authorised by the Trust Board to obtain outside legal or other independent professional advice and to secure the attendance of any person at any Committee meeting with relevant experience and expertise if it considers this necessary.

Duties

Finance business

The duties of the Committee shall be to:

- receive management accounts from the Chief Financial Operating Officer at least six times each year
- develop a financial strategy for the Academy Trust and consider policies, procedures or plans required to realise such strategy
- consider the Academy Trust's indicative funding, once notified by the ESFA, and to assess its implications for the Academy Trust, in consultation with the CEO and the CFOO, in advance of the financial year, drawing any matters of significance or concern to the attention of the Trustees
- consider and recommend acceptance /non-acceptance of the Academy Trust's budget to the Trustees
- monitor any variances from the budget and ensure the ESFA is notified as required
- receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the Academy Trust development plan
- monitor and review income and expenditure on a regular basis and ensure compliance with the overall financial plan for the Academy Trust, drawing any matters of concern to the attention of the Trust Board
- monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement
- prepare the financial statement to form part of the annual report of the Trustees
- ensure the Academy Trust's commercial and fundraising activities are carried out effectively
- examine and review new initiatives for financial development, including fundraising
- oversee significant investment and capital financing decisions
- approve and keep under review the Academy Trust's reserves and investment policy Financial procedures policy
- promptly notify the Trust Board of all financial matters of which the Committee has knowledge and which may materially affect the current or future position of the Academy Trust
- advise generally on the provision of resources and services to the Academy Trust, and
- to review, on a regular basis, its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

Audit and risk business

In line with the Academies Trust Handbook September 2023(ATH), a primary function of the Committee is to direct the Academy Trust's programme of internal scrutiny and report to the Trust Board on the adequacy of the Academy Trust's financial and other controls and management of risks. In fulfilling this role, the Committee will agree an annual programme of work to deliver internal scrutiny that provides coverage across the year. The Committee will also review the risk register regularly to inform that programme of work, ensuring checks are modified as appropriate.

More particularly, the duties of the Committee shall be:

- to comply with the ATH as amended from time to time
- to consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal
- to discuss with the external auditor before the audit commences the nature and scope of the audit and to review the external auditor's plan each year
- to review the annual report and accounts before submission to the Trust Board, focusing particularly on:
 - any changes in accounting policies and practices
 - areas involving a significant degree of judgement
 - significant adjustments resulting from the audit
 - the going concern assumption
 - compliance with accounting standards
 - compliance with legal requirements
 - the clarity of disclosures
 - the consistency of accounting policies from year to year
- to discuss problems and reservations arising from the audit and any matters the external auditor may wish to discuss (in the absence of the management where necessary)
- to assess the effectiveness and resources of the external auditor to provide a basis for decisions by the Academy Trust's members about the auditor's reappointment or dismissal or retendering. Considerations may include:
 - the auditor's sector expertise
 - their understanding of the Academy Trust and its activities
 - whether the audit process allows issues to be raised on a timely basis at the appropriate level
 - the quality of auditor comments and recommendations in relation to key areas
 - the personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the Academy Trust's managers,
 - the auditor's use of technology, and
- to act as the body to whom the head of internal audit reports on the internal audit function and to discuss any issue that the head of internal audit may wish to raise (in the absence of the management where necessary)
- to review the internal audit function, consider the major findings of internal audit investigations and the management's response, and ensure co-ordination between the internal and external auditors

- to keep under review the effectiveness of internal control systems, and in particular review the external auditor's management letter and the management's response
- to develop and keep under review risk management (including maintaining a risk register) and measurement strategies across the Academy Trust together with the procedures for monitoring the adequacy and effectiveness of those processes
- to review the action and implementation of risk management policy across the Academy Trust
- to consider the Academy Trust's risk profile relative to current and future Academy Trust strategy and identifying any such trends, concentrations or exposures and any requirement for policy change
- to receive and review risk management and relevant regulatory information and reports
- to consider material breaches of the agreed risk limits, review the actions taken in response and to prevent a repeat occurrence
- to consider the effect on the Academy Trust of the findings of the internal audits or the external audits
- to consider outputs from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations, and
- to review, on a regular basis, its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.