TERMS OF REFERENCE
of the
FINANCE and AUDIT COMMITTEE
of the Strategic Board of
PACE ACADEMY TRUST

PURPOSE

1. The purpose of the Committee is to:
   - Act as the Audit and Risk Committee of the Trust
   - Ensure effective financial management of the Trust
   - Ensure compliance with all relevant regulations and legislation, especially the Academy Trust Handbook
   - Ensure that the Trust is making its best efforts to obtain value for money
   - Direct the Trust's programme of internal scrutiny
   - Ensure that risks are being addressed appropriately through internal scrutiny
   - Report to the Board on the adequacy of the Trust's internal control framework, including financial and non-financial controls and management of risks.

MEMBERSHIP

1. The members of the Finance and Audit Committee will be appointed annually at the first meeting of the Strategic Board each academic year.

2. The Chief Executive and the Head of Finance of Trust shall be required to attend meetings of the Committee but shall not be a member of the Committee and shall not have a vote.

3. The Chair of the Committee will be elected by the Trustees at the first meeting of the Strategic Board each academic year. In the absence of the Chair from a meeting the members will elect an acting Chair. The Chair must be a Trustee who is not employed by the Trust. The Chair of the Trust's Board is not eligible to be the Chair of the Committee.

QUORUM

4. In order for business to proceed at least three Trustees (excluding the Chief Executive) must be present and the Accounting Officer must normally be in attendance.

MEETINGS

5. The Committee shall meet as necessary, but there shall be a minimum of three meetings per year, but will normally meet twice every term.

6. An agenda and papers for discussion, where possible, will be circulated to members of the Committee prior to each meeting.

7. The Clerk to the Board of the Academy Trust will be the clerk to the Committee. If the Clerk is not present a Trustee not employed by the Trust will take the minutes.

8. Each meeting of the Committee will be minuted. The minutes will record any decisions taken by or recommendations to the Board by the Committee and will be circulated to all members of the Strategic Board before its next meeting.

RESPONSIBILITIES

9. The Strategic Board delegates the following responsibilities to the Finance and Audit Committee.

10. Finance Responsibilities

- To regularly monitor and review the Trust's financial statements and to agree the format and content of these, consistent with the requirements of the Academic Financial Handbook. To set and review key performance indicators (KPIs) for all schools in the Trust and for the Trust as a whole.
- To review budget and cash flow forecasts, including multi-year forecasts, for the Trust prior to presentation to the Strategic Board for approval.
- To recommend the annual spending target to be set for the budget of each school in the Trust to the Strategic Board for approval.
- To approve the annual budget for schools within the Trust where the governing body does not have delegated authority for financial management.
- To review the Trust's audited statutory accounts prior to presentation to the Strategic Board for approval.
- To consider plans with significant financial implications prior to presentation to the Strategic Board for approval.
- To monitor the Trust's exposure to pensions costs.

11. Audit Responsibilities

- To review risks to the Trust's internal financial controls.
- To monitor the effectiveness of the Trust's finance policy and agree any changes required to this on behalf of the Board.
- To agree the annual programme of internal audit work taking into consideration the highest areas of priority identified by the Trust's risk register.
- To review internal audit reports prior to presentation of these to the Strategic Board.
- To ensure due compliance by the Trust with the requirements of public accountability.
- To recommend the appointment of the Trust's external auditors and their remuneration to the Strategic Board.
- To receive and discuss reports from the external and internal auditors.
- To ensure that appropriate action is taken to implement agreed recommendations from internal and external auditors.

12. Risk Management Responsibilities

- To recommend to the Board any new and emerging risks both financial and non-financial which the Board ought to consider as part of the Board's review of the Strategic Risk Register.
- To review, at each meeting, actions being taken to address and mitigate risks identified in the Trust's Risk Register.

REPORTING

13. In addition to regular minutes or reports of the Committee's activities made to the Board at each Board meeting the Committee will:

- Promptly report to the Board any concerns identified about the adequacy of the Trust's internal control framework, including financial and non-financial controls and management of risks.
- Provide the Board with an Annual Report of the Committee's activities.

MEMBER'S INTEREST

14. Any member of the Committee who has a direct or indirect pecuniary interest in any matter which is the subject of consideration by the Committee shall disclose the fact at the meeting and:

    - Take no part in the consideration or discussion of the matter
    - Withdraw from the meeting during any such consideration or discussion
    - Not vote on any decision relating to the matter.

REVIEW

15. These Terms of Reference will be reviewed annually at the first meeting of the Strategic Board each academic year and are subject to the approval of the Committee's minutes each term by the Strategic Board.

Terms of Reference of the Finance and Audit Committee
PACE Academy Trust
Agreed by the PACE Board of Trustees: 24th September 2026.