

Finance, Audit, Risk and HR Committee

TERMS OF REFERENCE

Inspire Education Community Trust

Document status	Draft for Trust Board approval
Academic year	2026/27
Proposed adoption date	14 September 2026
Review cycle	Annual, or earlier following a material regulatory or governance change
Committee reporting to	Trust Board
Document owner	Governance Professional

To provide the Board with rigorous, independent and integrated assurance over financial stewardship, audit, strategic risk, internal control and Trust-wide workforce and HR governance.

1. Status and authority

The Finance, Audit, Risk and HR Committee (the Committee) is a committee of the Trust Board. It operates under authority delegated by the Board through these terms of reference, the Articles of Association and the Scheme of Delegation. The Board retains collective accountability for the Trust and for all matters reserved to it.

The Committee may investigate any matter within its remit, obtain information from employees and professional advisers, require relevant officers to attend, and recommend that the Board commissions independent legal, financial, audit, risk or HR advice where necessary. It may not further delegate its decision-making powers unless the Board expressly authorises this.

Where these terms conflict with legislation, regulation, the funding agreement, the Articles, the Academy Trust Handbook or the Scheme of Delegation, the higher authority takes precedence.

2. Purpose

The Committee supports the Board by providing challenge, scrutiny and assurance in five connected areas:

- Financial sustainability, planning, reporting, control, regularity, propriety and value for money.
- External audit, annual report and accounts, auditor independence and implementation of recommendations.
- Internal scrutiny across financial and non-financial controls, with a risk-based programme of work.
- Enterprise risk management, including the risk register, risk appetite, business continuity and emerging threats.
- Trust-wide strategic workforce and HR governance, including workforce planning, establishment control, executive pay governance, organisational change, employment compliance and people-related risks.

The Committee does not manage day-to-day operations. Its role is to test whether management arrangements are adequate, effective and aligned with Trust strategy, and to provide the Board with clear assurance, recommendations and escalation of material concerns.

3. Membership, attendance and independence

Requirement	Provision
Membership	At least three trustees appointed by the Board. A majority of members must be trustees. The Board may appoint an appropriately skilled non-trustee member, subject to the Articles and governance arrangements.
Employees	Employees of the Trust must not be members of the audit and risk function. Where the Committee is combined, employees may attend but must not participate as committee members when audit matters are discussed.
Chair	Appointed by the Board or Committee at the first meeting of the academic year. The Chair of the Trust Board should not chair audit and risk proceedings.
Skills	Collectively, members should provide appropriate financial, audit, risk, commercial, estates, digital/cyber and HR/workforce knowledge. Skills and training needs will be reviewed annually.
Regular attendees	Accounting Officer/CEO, Chief Financial Officer, Governance Professional and the Trust's HR lead or adviser. They attend in an advisory capacity and withdraw when their own pay, performance, conduct or another conflict is considered.
Other attendees	Internal scrutineer, external auditor, school leaders, advisers or risk owners may be invited for relevant items.
Private sessions	The Committee will meet the external auditor and internal scrutineer without management present at least annually, and more often if required.

Requirement	Provision
Conflicts	Members and attendees must declare interests at the start of each meeting and when an interest arises. The Chair will determine withdrawal and participation in line with Trust policy.

4. Meetings and administration

- The Committee will meet at least three times each academic year, with additional meetings convened where risk, audit, financial or workforce circumstances require.
- The meeting cycle will align with budget approval, management accounts, year-end accounts, external audit, internal scrutiny and annual review of the strategic risk register.
- The quorum is three committee members, of whom the majority must be trustees. If the meeting becomes inquorate, discussion may continue but no decision may be taken.
- Notice, agenda and papers should normally be circulated at least seven calendar days before the meeting. Late papers should be exceptional and explained.
- The Governance Professional will minute decisions, challenge, assurance, conflicts, actions, owners and deadlines. Draft minutes and an urgent issues summary will be provided to the next Board meeting.
- Business may be conducted remotely where permitted by the Articles and Trust policy.

5. Delegated responsibilities

5.1 Finance and financial sustainability

- Review the annual budget, three-year financial plan and key assumptions, including pupil numbers, funding, staffing, inflation, capital commitments and sensitivity analysis, and recommend approval to the Board.
- Monitor management accounts, cash flow, reserves, forecast outturn and material variances. Require timely recovery actions where performance is outside agreed tolerances.
- Assess financial sustainability, going-concern considerations and the affordability of strategic plans, organisational changes and major commitments.
- Review and recommend the financial policies, reserves policy, investment policy, charging arrangements and Scheme of Financial Delegation for Board approval where required.
- Monitor regularity, propriety, value for money and compliance with delegated authority, including novel, contentious or repercussive transactions and transactions requiring prior approval.
- Oversee procurement strategy, tendering, contract management, leases, related-party transactions, conflicts, assets and disposals within delegated limits.
- Review capital plans, estates liabilities, condition risks, insurance arrangements and delivery of significant projects, including cost, scope, contingency and benefits.
- Oversee fraud prevention, whistleblowing as it relates to financial or control matters, loss reporting and action following suspected irregularity.
- Review financial and operational performance indicators and ensure the information presented to the Board is concise, timely, reliable and decision-focused.

5.2 External audit and annual reporting

- Review the proposed external audit plan, scope, materiality, timetable, fees, independence and significant areas of judgement.
- Review the draft annual report and financial statements, including accounting policies, estimates, judgements, going concern, regularity and governance statements, and recommend approval to the Board.
- Consider the auditor's findings, management letter, regularity report and management responses. Track agreed actions to verified completion.
- Assess annually the external auditor's effectiveness and independence, and make recommendations to Members and/or the Board on appointment, reappointment, dismissal, remuneration or retendering, as applicable.

- Approve, within delegated authority, any non-audit work by the external auditor and assess safeguards against threats to independence.
- Ensure required accounts, reports and returns are submitted, filed and published by the applicable deadlines.

5.3 Internal scrutiny and internal control

- Approve a risk-based annual internal scrutiny programme that covers financial and non-financial controls across the year and is informed by the strategic risk register, prior findings, incidents and emerging risks.
- Confirm the independence, objectivity, competence, capacity and access rights of the internal scrutineer, and approve the terms of engagement and scope of each review.
- Receive a report at each meeting on completed work, findings, assurance ratings, overdue actions and themes. Challenge management responses and timescales.
- Receive and review the annual internal scrutiny summary report, assess year-on-year progress and recommend it for submission with the audited accounts where required.
- Coordinate assurance from internal scrutiny, external audit, compliance reviews and other independent sources to avoid gaps or unnecessary duplication.
- Report to the Board on the adequacy and effectiveness of governance, risk management and internal control, including financial and non-financial controls.

5.4 Enterprise risk management

- Recommend the Trust's risk management policy, framework, scoring methodology, risk appetite and escalation thresholds to the Board, and review them annually.
- Review the strategic risk register at every scheduled meeting. Test whether risks are clearly described, consistently scored, assigned to named owners and linked to credible controls, actions, deadlines and target scores.
- Challenge the adequacy and effectiveness of mitigating controls, not merely the existence of actions. Seek independent assurance where exposure is material or persistent.
- Ensure the register covers all material categories, including educational outcomes, safeguarding, SEND, attendance, finance, workforce, estates, health and safety, cyber security, data protection, compliance, reputation, governance, procurement, fraud, business continuity and climate/environmental disruption where relevant.
- Monitor risks outside appetite, overdue mitigations, control failures, near misses and emerging risks. Escalate immediately to the Board any threat that could materially affect pupils, staff, continuity, solvency, compliance or reputation.
- Review the Trust's business continuity, critical incident and disaster recovery arrangements, including testing, lessons learned and dependencies on key people, suppliers, systems and premises.
- Review insurance cover and significant claims to assess whether risk transfer and retained exposure remain appropriate.
- Use the risk register to shape the Committee workplan, internal scrutiny programme and Board assurance reporting.

5.5 Trust-wide strategic HR and workforce oversight

The Committee provides strategic, Trust-level oversight. Operational casework remains with the CEO and delegated leaders. Individual disciplinary, grievance, capability, absence, dismissal and appeal matters are considered only by separately constituted panels under the relevant policy, unless the Board expressly delegates otherwise.

- Review the Trust workforce strategy and workforce plan, ensuring staffing structures, leadership capacity and deployment support educational priorities and financial sustainability.
- Monitor establishment control, staffing affordability, vacancy levels, recruitment, retention, turnover, absence and agency usage through agreed indicators, with appropriate contextual and equality analysis.
- Scrutinise strategic workforce risks, including succession, capacity in critical roles, recruitment difficulty, skills gaps, employee relations, organisational change, workload and staff wellbeing.

- Review proposals for material Trust-wide restructures, redundancies, changes to terms and conditions or significant establishment changes, including the business case, consultation, financial impact, equality impact, implementation risks and benefits realisation. Make recommendations or decisions within the Scheme of Delegation.
- Oversee compliance with employment law, safer recruitment requirements, pay and conditions, pensions, equality duties, data protection and relevant Trust policies through assurance reporting. Take professional advice where required.
- Review the effectiveness and consistency of Trust-wide HR policies and recommend or approve policies in accordance with the policy schedule and Scheme of Delegation.
- Oversee executive pay governance, ensuring decisions are evidence-based, transparent, proportionate, affordable and defensible. No person may participate in a decision about their own remuneration.
- Receive assurance on payroll controls, establishment reconciliations, contract changes, salary overpayments, pension administration and segregation of duties.
- Monitor material employment claims, settlements, severance proposals and liabilities, ensuring legal advice, value for money, confidentiality and any required external approval are addressed.
- Oversee succession planning and leadership pipeline arrangements at Trust level, without becoming involved in routine recruitment below the levels reserved to trustees.
- Receive an annual workforce and culture assurance report covering key trends, actions and material risks, while avoiding access to unnecessary personal or special-category data.

6. Matters reserved to the Board or other bodies

Unless the Scheme of Delegation expressly states otherwise, the Committee will review and recommend rather than finally approve:

- The annual budget, three-year plan, annual report and audited financial statements.
- The risk appetite statement and any material change to the Trust's risk management framework.
- Material strategic transactions, borrowing, leases, investments, disposals, related-party transactions or commitments reserved to the Board or requiring DfE consent.
- The appointment or dismissal of the Accounting Officer/CEO, Chief Financial Officer, external auditor or internal scrutiny provider where reserved elsewhere.
- Trust-wide restructures or senior appointments reserved to the Board.
- Executive pay decisions where the Trust's Pay Policy or Scheme of Delegation reserves approval to the Board.
- Any matter that could materially affect the Trust's solvency, legal compliance, safeguarding, reputation or ability to operate.

7. Decision rights and escalation

Category	Committee role	Board reporting
Assurance	Review evidence, challenge management and determine whether assurance is sufficient.	Summarise assurance, gaps and required action after each meeting.
Recommendation	Make a clear recommendation where final approval is reserved to the Board or Members.	State options, financial/risk implications and the Committee's rationale.
Delegated decision	Approve only where authority is explicit in the Scheme of Delegation or Board minute.	Report the decision, authority used and any conditions.
Urgent escalation	Escalate any material control failure, suspected fraud, significant breach, insolvency concern, safeguarding-related operational threat or risk outside appetite.	Notify the Chair of the Board promptly and provide a written report.

8. Information the Committee will receive

- Management accounts, cash flow, forecast, balance sheet, reserves and key financial indicators.
- Budget and medium-term plan with assumptions, sensitivities and scenario analysis.
- Strategic risk register, risk movement report, risks outside appetite and emerging risk scan.
- Internal scrutiny plan, reports, annual summary and recommendation tracker.
- External audit plan, annual report and accounts, findings and management letter action tracker.
- Procurement, contracts, capital projects, estates, health and safety, cyber/data and insurance assurance as relevant to the workplan.
- Workforce dashboard and narrative covering establishment, cost, vacancies, turnover, absence, recruitment, retention, agency use, employee relations themes, equality and material claims, subject to data minimisation.
- Compliance calendar and confirmation of statutory, regulatory and funding returns.
- A consolidated assurance map identifying sources of assurance, gaps and planned follow-up.

9. Annual work programme

Cycle	Core business
Autumn	Prior-year outturn; draft accounts and external audit; management letter; internal scrutiny annual summary and new programme; strategic risk register and risk appetite; workforce outturn and pay governance; compliance calendar.
Spring	Management accounts and forecast; budget assumptions; risk deep dive; internal scrutiny reports and action tracking; workforce planning, establishment and succession; procurement and contract pipeline.
Summer	Draft budget and three-year plan; financial sustainability and scenarios; annual review of policies and delegations; year-end audit planning; business continuity test outcomes; Committee self-evaluation and skills review.
Every meeting	Declarations; management accounts; risk register; audit/scrutiny action tracker; compliance exceptions; material contracts/capital updates; workforce dashboard and people risks; decisions and escalation to Board.

10. Reporting and assurance to the Board

After each meeting, the Committee Chair will provide the Board with a concise written or oral report setting out:

- work undertaken and decisions made under delegated authority;
- matters recommended for approval;
- key financial, control, audit, risk and workforce issues;
- risks outside appetite and any urgent escalation;
- areas where assurance is sufficient, limited or absent;
- overdue high-priority actions and accountable owners; and
- any matter on which the Committee and management disagree.

The Committee will provide an annual assurance report to the Board on the effectiveness of financial management, external audit, internal scrutiny, risk management, internal control and strategic HR/workforce governance.

11. Confidentiality, data and conduct

- Members will comply with the Trust's code of conduct, confidentiality requirements, information security arrangements and conflicts policy.

- Papers will use aggregated or anonymised workforce information wherever possible. Personal data will be included only where necessary for a lawful governance purpose and handled securely.
- Committee papers and minutes will distinguish confidential items and record the legal or governance basis for restricted access where appropriate.
- Members will apply the Seven Principles of Public Life and maintain appropriate professional scepticism and challenge.

12. Effectiveness and review

- The Committee will review its effectiveness, attendance, skills, training, information quality and workplan annually.
- These terms of reference, Committee membership and delegated authority will be reviewed annually by the Board, and earlier when legislation, the Academy Trust Handbook, governance arrangements or the Trust's risk profile changes.
- Any proposed amendment must be approved by the Trust Board and reflected in the Scheme of Delegation where relevant.

13. Approval

Approval field	Record
Approved by	Trust Board
Date approved	
Chair of Trust Board	
Committee Chair	
Next review date	September 2027, or earlier if required
Version	1.0

Appendix A: Recommended assurance dashboard

Area	Minimum headline assurance
Finance	Forecast outturn; cash; reserves; variances; savings delivery; going-concern issues; major commitments.
Audit/control	Open high-priority findings; overdue actions; control failures; fraud/irregularity; assurance coverage.
Risk	Top strategic risks; movement; risks outside appetite; overdue mitigation; emerging risks; deep-dive schedule.
HR/workforce	Staff cost ratio; establishment variance; vacancies; turnover; absence; agency use; employee relations themes; succession and critical-role risks.
Capital/operations	Major project cost and schedule; estates compliance; insurance claims; cyber/data incidents; business continuity tests.

Appendix B: Principal reference framework

These terms should be read alongside the current versions of:

- The Trust's Articles of Association, Funding Agreement, Scheme of Delegation and governance policies.
- Department for Education, Academy Trust Handbook 2026, effective from 1 October 2026.
- Department for Education, Academy trusts: governance guide, updated 20 July 2026.
- Department for Education guidance on internal scrutiny in academy trusts.
- Department for Education guidance on managing risk in an academy trust.
- Companies Act 2006, Charities Act requirements and Charity Commission guidance relevant to academy trustees.
- Employment law, equalities, pensions, safer recruitment and pay/conditions requirements applicable to the Trust.

The Governance Professional should update this list when the governing framework changes.

Membership of the Committee

Shamsul Arifeen

James Hill

Irum Naz

Jennie Webber

Sonia Nisa

Bushra Khan

Mohammed Ibrahim Basit