

# **Audit & Risk Committee Terms of Reference**

## **Membership and Quorum**

- at least 4 directors shall be members of the Audit Committee
- normally no senior employees of the Trust will serve on the committee
- the members of the Audit Committee will not sit on the Finance Committee
- at least one of the members of the Audit Committee will have appropriate financial skills

Membership shall be agreed on an annual basis at the first meeting of Board of Directors normally in the autumn term.

The Chair of the Audit Committee will be elected by the Audit Committee, normally at the first meeting in the academy year. No Director employed by the Trust will act as chair to the Audit Committee. Employees of the Trust should not be audit and risk committee members, but the accounting officer and chief financial officer should attend to provide information and participate in discussions. The Chair of Trustees should not be Chair of the Audit and Risk Committee. Where the Finance & Resources Committee and Audit and Risk committee are separate, the Chair should not be the same.

In the absence of the Chair, the Audit Committee will elect a temporary replacement from among the members of the Audit Committee who are present at the meeting.

The Clerk of the Audit Committee is appointed by the Board of Directors.

The quorum is three members of the Audit Committee (or one third of the total number of members of the Audit Committee with full voting rights, whichever is the greater).

## **Role**

To provide assurance to the Board of Directors on the suitability/adequacy of and effectiveness of the Trust's systems of internal financial control and compliance with its financial systems and operational controls. To advise the Board on its arrangements for risk management and governance processes, and securing economy, efficiency and effectiveness (value for money) and that the systems are rigorous and constantly reviewed. This assurance extends to the financial controls and risks at constituent academies.

## **Terms of Reference**

1. Advise and report to the Directors in relation any organisational risks which might impede the development and implementation of a long-term strategy for the success of the Trust. The Directors shall consider any such advice given by the Audit Committee.
2. Support the Directors in developing an organisational structure which reflects the Trust's values and enables the management systems, structures and processes to

work effectively in line with legal requirements and to ensure sound financial management.

3. Support the Directors in the formulation of financial and risk management policies for the Trust and the Academies for achieving the aims and objectives set out in the Trust's Development Plan or long-term strategic vision.
4. Advise the Directors on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money).
5. Regularly review the statement on internal control and make appropriate recommendation to the Directors and when appropriate communicate messages and advice to the Local Governing Committee, liaising as necessary with any responsible officer appointed by the Local Governing Committee to be responsible for financial oversight and risk management of the Academy's activities.
6. Support (and challenge when necessary) the Directors and in particular the Chief Executive Officer (being the Trust's "accounting officer") to ensure he or she satisfies his or her duty as accounting officer to:
  - 6.1.1. Ensuring value for money;
  - 6.1.2. Ensuring regularity and propriety;
  - 6.1.3. Ensuring prudent and economical administration;
  - 6.1.4. Avoiding waste and extravagance;
  - 6.1.5. Ensuring the efficient and effective use of resources;
  - 6.1.6. Keeping proper accounts;
7. Establish and implement a system of financial and risk reporting by the Academies to the Directors and to oversee that reporting to ensure that such a system complies with the Trust's legal obligations.
8. Review any financial and risk report submitted by the Academies and advising the Directors on any issues arising from it as well as making recommendations for future reports to sustain the integrity of the financial and risk management systems.
9. Advise on the formulation and implementation of a policy for the approval and signing of contracts, ensuring all contracts to be entered into by the Academy are appropriate, have been authorised (or are within delegated authority) and do not expose the Academy to undue risk.
10. Advise the Directors on the appointment, reappointment, dismissal and remuneration of auditors (both external auditors and internal audit).
11. Monitor the effectiveness of auditors, including the use of auditor performance indicators.
12. Ensure effective coordination between auditors ensuring that a consistent method of audit is adopted across all Academies.
13. Ensure that additional services undertaken by auditors are compatible with the audit independence and objectivity.
14. Agree the work programme of internal scrutiny that provides coverage across the year including the checking of financial controls, systems, transactions and risks and agree who will perform the work.

15. Review the ratings and responses on the risk register to inform the programme of work, ensuring checks are modified as appropriate each year
16. Consider the reports of the auditors and, when appropriate, advise the Directors and the Academies of material control issues.
17. Consider outputs from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations.
18. Monitor the implementation of agreed audit recommendations.
19. Advise on policies for the securing of the funds and assets of the Trust including by the prevention of loss through fraud and irregularity.
20. Ensure that all allegations of fraud and irregularity are appropriately investigated and control weaknesses addressed, working with the Directors and the Headteachers of the Academies, as appropriate.
21. Recommend the annual financial statements to the Directors for approval.

- • consider reports at each meeting from those carrying out the programme of work
- • consider progress in addressing recommendations
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- • have access to the external auditor, as well as those carrying out internal scrutiny, review their plans and reports and also consider their quality

**Frequency of Meetings**

The Audit Committee shall normally meet four times per academic year in line with The Trust annual cycle of business, and to align with the requirements for filing with the external authorities. Normally this will be twice in the autumn term and once in the spring and summer term.

**Approval**

The Terms of Reference may only be amended by a resolution of the Trust.