



# Audit and Risk Committee Terms of Reference 2023-2024

Date last reviewed:

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Signed by:

Chair of the  
committee

Date:

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Chair of governors

Date:

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## **The audit committee's legal framework**

Under the 'Academies financial handbook 2022, academy trusts are required to establish an audit committee, appointed by the Board of Directors. Trusts with an annual income over £50 million must have a dedicated audit committee, while other Trusts must either have a dedicated committee or can combine it with another committee.

The audit committee must advise on:

- the adequacy of financial and other controls and risk management arrangements in the trust,
- and it must also direct a program of internal scrutiny and consider the results and quality of any external audit.

## **Membership and quorum**

The audit committee will be appointed by the Board of Directors. The minimum number of the committee will be three, to ensure there are enough members to hold a majority when voting.

Employees of the Trust are not permitted to be members of the audit committee; however, the accounting officer and chief financial officer will attend committee meetings to provide information and participate in discussions. The chair of the Board of Directors is unable to be the chair of the audit committee.

Only full members of the committee who have been approved by the Board of Directors have the right to vote on any matters. The committee may decide to appoint non-voting members, as approved by the Board of Directors, to advise the committee.

The quorum of the committee is three.

The Committee's current members are:

- 1:
- 2:
- 3:
- 4:

## **Term of office**

The committee will be appointed annually by the Board of Directors and shall hold office from the date of their appointment until either their resignation, or their omission from membership of the committee on subsequent consideration by the Board of Directors – whichever occurs first.

## Meetings

- The committee will meet on a quarterly basis. If there is a need, the committee will convene additional meetings as necessary to fulfil its responsibilities.
- The chair of the committee or any three committee members may, by giving notice in writing to the clerk, call unscheduled meetings as long as appropriate notice of at least seven days is given to other members of the committee. A shorter notice may be given where the chair of the committee decides a particular matter requires addressing immediately.
- The quarterly meeting cycle for the next academic year shall be set in the final summer term meeting of the preceding academic year. These will be aligned with the finance committee and auditor's cycle and so ensure timely, aligned and efficient consideration of reports.
- The clerk to the committee will circulate an agenda, copies of minutes of the previous committee meeting, and any papers to be considered, no fewer than seven working days prior to the meeting.
- Members will withdraw from the meeting if there is an identified or potential conflict of interest, or there is a motion to question their ability to remain impartial.
- The clerk will take minutes of the meeting. This will be approved, by the chair of the committee, as accurate representations of the meeting before they are handed to committee members for final approval at the next committee meeting. Following approval, the clerk will distribute the minutes to the Board of Directors.
- Confidential minutes will only be shared with trustees who were present at the meeting where the confidential item was discussed.
- The committee may invite non-members to meetings to assist or advise on a particular matter or issue. These additional attendees will not be entitled to vote on any matters.
- Every matter to be decided upon will be determined by a majority vote – where there is an equal division of votes, the chair will have the deciding vote. Each member of the committee who is present at the meeting will be entitled to one vote.
- A register of attendance shall be kept for each meeting and will be published on the trust's website on an annual basis.

## **Duties of the audit and risk committee:**

### General

- To observe and comply with the trust's code of conduct, at all times.
- To appoint a professional clerk to advise and guide the committee of their duties and responsibilities, and to record minutes of all committee meetings.
- To recommend to the board a terms of reference for the audit committee and review these on an annual basis.
- To deal with all matters relating to auditing, internal scrutiny, finance and risk management that may be referred by the Board of Directors.
- To keep up-to-date with any relevant legislation and advise the Board of Directors when policies or procedures need to be revised.
- To minute all meetings and report all decisions to the Board of Directors as a confidential item.
- To seek professional advice as necessary.
- To attend relevant training when appropriate.
- To report to the Board of Directors on the proceedings, recommendations and decisions of the committee.

### **Internal scrutiny and external audit**

- To direct the trust's program of internal scrutiny and ensure this is informed by risk.
- To oversee individuals that undertake internal scrutiny.
- To deliver internal scrutiny in a way most appropriate to the trust's circumstances, which could include employing an in-house internal auditor or buying-in internal audit services.
- To advise the Board of Directors on the internal scrutiny program of work.
- To ensure those carrying out the program of internal scrutiny are suitably qualified and experienced.
- To report findings from internal scrutiny activities to the Board of Directors.
- To assess year on year progress using the short annual summary report that outlines areas that have been reviewed, key findings, recommendations and conclusions.
- To keep the approach to internal scrutiny under review.
  
- To ensure the internal scrutiny approach the trust uses is confirmed in the governance statement, which accompanies the annual accounts.
  
- To advise the Board of Directors on the need for and, where appropriate, the appointment, re-appointment, dismissal and remuneration of an internal auditor or

other assurance provider.

- To advise on the adequacy of the management response to issues identified by audit activity.
- To monitor the progress made against audit recommendations.
- To ensure the appropriate cooperation and coordination of the work of the external auditor and accounting officer.
- To advise the Board of Directors on the appointment, re-appointment, dismissal and remuneration of the external and regulatory auditor.
- To receive reports (including the annual accounts and management letters) and consider any issues raised, the associated management response and action plans, and report necessary actions to the Board of Directors.
- To review the external auditor's annual planning document and approve the planned audit approach.
- To consider any additional services delivered by the external auditor or other assurance providers and ensure appropriate independence is maintained.
- To consider the quality of external auditors and those carrying out internal

scrutiny. To receive reports from the Financial committee:

- To ensure the program of internal scrutiny informs the accounting officer's statement of regularity in the annual accounts.
- To ensure the trust submits its annual summary report of the areas reviewed, key findings, recommendations and conclusions to the ESFA by 31 December each year when the audited annual accounts are submitted.
- To ensure the ESFA is provided with any requested internal scrutiny reports.
- To ensure the audited accounts are submitted to the ESFA by 31 December each year and meet other statutory requirements.

### **Financial management and reporting, in co-operation with the Finance Committee**

- To make reports to the Board of Directors on the adequacy of the trust's financial controls.
- To ensure information submitted to the DfE and ESFA that affects funding, including pupil number returns and funding claims (for both revenue and capital grants) completed by the trust, is accurate and in compliance with funding criteria.
- To advise the Board of Directors on accounting policies, the trust's accounts, and the trust's annual report, including the process for review of the accounts prior to submission for audit, and levels of error identified.
- To review and advise on the development of anti-fraud policies, whistleblowing processes and arrangements for special investigations.

- To review an overview of financial statements submitted by the trust.

## **Duties of the audit and risk committee (continued):**

### **Risk management**

- To report to the Board of Directors on the adequacy of the trust's risk management processes.
- To advise on the strategic processes for risk, control and governance and the governance statement.
- To advise on assurances relating to the management of risk and governance requirements for the trust.

### **Authority**

The committee is authorised by the Board of Directors to:

- Investigate any activity within its terms of reference.
- Seek any information it requires from any employee, with all employees directed to cooperate with any request made by the committee.
- Obtain any external legal or independent professional advice, where necessary.
- Limit to the spending of money on advice, as discussed at the meeting.