



# Manor Hall Academy Trust

## **AUDIT AND RISK COMMITTEE TERMS OF REFERENCE**

*The Audit & Risk Committee's remit is to advise the Trust Board and Accounting Officer (the CEO) regarding the adequacy and effectiveness of the Trust's internal controls, risk management, governance and value for money systems and frameworks. The Committee also advises the Trust Board regarding the appointment of auditors and the planned audit approach, as well as considering reports from the internal and external auditors and other bodies, ensuring that actions are taken where required.*

These terms of reference will include:

### **Responsibilities**

- to maintain an oversight of the Academy Trust's financial, governance, risk management and internal control systems
- to direct the trust's programme of internal scrutiny
- to ensure that risks are being addressed appropriately through internal scrutiny
- to report findings termly and annually to the Trust Board and the Accounting Officer as a critical element of the trust's annual reporting requirements.
- to report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks.

### **Authority**

- the Audit and Risk Committee is a committee of the Academy Trust Board and is authorised to investigate any activity within its terms of reference or specifically delegated to it by the Board.
- the Audit and Risk Committee is authorised to
- request any information it requires from any employee, external audit, internal audit, or other assurance provider.
- obtain outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer and/or the Trust Board.

### **Composition**

- the membership of the committee will comprise a minimum of 3 Directors

- 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 the Trust Board should not be chair of the audit and risk committee.
- where the audit and risk committee is combined with another committee, employees should not participate as members when audit matters are discussed.
- until otherwise determined by the board of Directors, a quorum shall consist of 2 members of the committee.
- at least one member of the audit and risk committee should have recent or relevant accountancy or audit assurance experience.
- any Director may attend a meeting of the audit and risk committee, including those who are not members of the audit and risk committee.

### **Reporting**

- The Audit and Risk Committee will:
- report back to the Trust Board regularly every term.
- provide an annual summary report prepared by the auditors which covers areas reviewed by audit including key findings, recommendations, and conclusions

### **Coverage**

- The Audit and Risk Committee will:
- advise the Trust Board on the effectiveness and resources of the external and internal auditors to provide a basis for their reappointment, dismissal, retendering, or remuneration. Considerations may include:
  - the auditor's sector expertise
  - their understanding of the 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
  - where relevant, the personal authority, knowledge and integrity of audit partners and their staff to interact effectively with, and robustly challenge, the trust's managers
  - the auditor's use of technology
- ensure there is co-ordination between internal audit and external audit and any other review bodies that are relevant

- consider the reports of the auditors and, when appropriate, advise the Trust Board of material control issues.
- encourage a culture within the trust whereby each individual feels that he or she has a part to play in guarding the probity of the Trust, and is able to take any concerns or worries to an appropriate member of the management team or in exceptional circumstances directly to the Board of Directors
- provide minutes of all Audit and Risk Committee meetings for review at board meetings

### **External Audit**

- review the external auditor's plan each year
- review the annual report and accounts
- review the auditor's findings and actions taken by the trust's senior leadership team in response to those findings
- produce an annual report of the committee's conclusions to advise the board of Directors and Members.

### **Internal Scrutiny**

- take delegated responsibility on behalf of the board of Directors for examining and reviewing all systems and methods of control, both financial and otherwise, including risk analysis and risk management; and for ensuring the Trust is complying with the overall requirements for internal scrutiny, as specified in the Academies Financial Handbook.
- conduct a regular review of the risk register
- agree an annual programme of internal audit, which is objective and independent, covering systems, controls, transactions, and risks.
- advise the trustees on the adequacy and effectiveness of the trust's systems of internal control, governance, and risk management processes,
- consider the appropriateness of executive action following internal audit/internal scrutiny reviews and to advise the board on any additional or alternative steps to be taken
- oversee the annual review of the trust's risk register

### **Other responsibilities**

- to maintain an oversight of all Director training programmes and Director recruitment and report as appropriate to the Trust Board.
- to monitor and evaluate the Trust Governance KPI
- to review these terms of reference on an annual basis prior to obtaining Trust Board approval

Terms of Reference reviewed by the Audit & Risk Committee on

.....

Approved by the Trust Board on

.....