



## Finance, Risk and Audit Committee Terms of Reference

<b>Author</b>	Claire Hogg
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### DOCUMENT CONTROL

Unless there are legislative or regulatory changes in the interim, this policy will be reviewed every year. Should no substantive changes be required at that point, the policy will move to the next review cycle.

## 1. Committee Purpose

- 1.1. The Finance, Risk and Audit Committee will undertake detailed review on behalf of our trust board on the adequacy of financial and other controls and risk management arrangements, to direct a programme of internal scrutiny and to consider the results and quality of external audit. The committee's overarching purpose is to:
  - 1.1.1. provide independent oversight of and advice to our trust board on the adequacy and effectiveness of the organisation's financial control and reporting systems.
  - 1.1.2. recommend to our members the appointment of suitable external auditors and to advise our board on both financial and non-financial internal scrutiny arrangements, taking a risk-based approach to commissioning topics of each internal audit report.
  - 1.1.3. regularly review the risk register for our trust.
  - 1.1.4. ensure that adequate levels of external and internal audit are maintained and act as a point of escalation for any concerns identified during audit visits.
  - 1.1.5. to undertake detailed review of the annual budget, annual report and accounts, post-audit report, internal scrutiny report, risk register and policies on behalf of our trust board.
  - 1.1.6. to take such decisions as are devolved to it by our trust board - except where our trust board has formally delegated decision-making authority to the committee, its role is advisory.

## 2. Authority

- 2.1. The Finance, Risk and Audit Committee is a committee of our trust board and is authorised to investigate any activity within its terms of reference or specifically delegated to it by our trust board.
- 2.2. The Committee is authorised to:
  - 2.2.1. request any information it requires from any staff, external audit, internal audit or other assurance provider.
  - 2.2.2. obtain outside legal or independent professional advice it considers necessary, normally in consultation with our accounting officer and/or our trust board.

## 3. Composition

- 3.1. The membership of the committee will comprise a minimum of three trustees.
- 3.2. Employees of the trust should not be audit and risk committee members, but our accounting officer and chief financial officer should attend to provide information and participate in discussion.
- 3.3. Because we have an annual income below £50m we have decided to amalgamate the Finance and Risk and Audit functions into one committee. The chair of the board of our trust shall not serve as chair of the Finance, Risk and Audit committee.
- 3.4. Until otherwise determined by our board of trustees, a quorum shall consist of two members of the committee.
- 3.5. At least one member of the Finance, Risk and Audit committee should have recent or relevant accountancy, or audit assurance, experience.
- 3.6. Staff employed by the trust may be invited to attend the committee to provide information and participate in discussions but should not be members of the committee.
- 3.7. Any trustee may attend a meeting of the Finance, Risk and Audit committee, including those who are not members of the committee.

## 4. Reporting

- 4.1. The Committee will:
  - 4.1.1. report back to our trust board regularly every term.
  - 4.1.2. provide an annual summary report provided by the internal scrutineer/auditor and areas reviewed by internal scrutiny / audit covering key findings, recommendations and conclusions.

## 5. 5. Terms of Reference

- 5.1. The Committee will:
  - 5.1.1. advise the board on the effectiveness and resources of the external/internal auditors or scrutineers to provide a basis for the reappointment, dismissal, retendering or remuneration. Considerations may include:

- 5.1.1.1. the auditors/scrutineer's sector expertise.
- 5.1.1.2. their understanding of the trust and its activities.
- 5.1.1.3. whether the audit process allows issues to be raised on a timely basis at the appropriate level.
- 5.1.1.4. the quality of auditor/scrutineer comments and recommendations in relation to key areas.
- 5.1.1.5. 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.
- 5.1.1.6. the auditor's/scrutineer's use of technology.
- 5.1.2. ensure there is co-ordination between internal audit and external audit and any other review bodies that are relevant.
- 5.1.3. consider the reports of the auditors/scrutineers and, when appropriate, advise our trust board of material control issues.
- 5.1.4. encourage a culture within the trust whereby each individual feels that he or she has a part to play in guarding the probity of our trust and is able to take any concerns or worries to an appropriate member of the management team or in exceptional circumstances directly to our trust board.
- 5.1.5. provide minutes of all committee meetings for review at board meetings.
- 5.1.6. **External Audit**
  - 5.1.6.1. review the external auditor's plan each year
  - 5.1.6.2. review the annual report and accounts.
  - 5.1.6.3. review the auditor's findings and actions taken by the trust's senior leadership team in response to those findings.
  - 5.1.6.4. produce an annual report of the committee's conclusions to advise our board of trustees and members.
- 5.1.7. **Internal Scrutiny**
  - 5.1.7.1. take delegated responsibility on behalf of our board of trustees for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring our trust is complying with the overall requirements for internal scrutiny, as specified in the Academy Trust Handbook.
  - 5.1.7.2. conduct a regular review of the risk register.
  - 5.1.7.3. agree an annual schedule of internal scrutiny/audit, which is objective and independent, covering systems, controls, transactions, and risks.
  - 5.1.7.4. advise the trustees on the adequacy and effectiveness of the trust's systems of internal control, governance, and risk management processes.
  - 5.1.7.5. consider the appropriateness of executive action following internal audit/internal scrutiny reviews and to advise our board on any additional or alternative steps to be taken.
  - 5.1.7.6. oversee the annual review of our trust risk register.