



The de Ferrers Trust

Terms of Reference

Audit and Risk Committee

1 Constitution

- 1.1 The board of directors (the **Directors**) of The de Ferrers Trust (the **Trust Board**) hereby resolves to establish a committee of the Trust Board to be known as the Audit and Risk Committee (the **Committee**).
- 1.2 The Directors recognise the overriding principles of the Academies Financial Handbook (the **AFH**) and that the Audit and Risk Committee should be established in such a way as to achieve internal scrutiny which delivers objective and independent assurance for the Trust. In establishing the Committee the Directors will adhere to the principles of the AFH and:
 - 1.2.1 staff employed by the Trust will not be members of the Committee, but may attend meetings to provide information and participate in discussions;
 - 1.2.2 the Accounting Officer and other relevant senior staff will routinely attend committee meetings.

2 Membership

- 2.1 The Committee shall have a minimum of three members and a maximum of five members. A majority of Committee members must be Directors of the Trust Board and the Directors will ensure Committee members have the necessary skills, background and experience to properly fulfil the Committee functions.
- 2.2 The Committee's current members are:
 - 2.2.1 Claire Lovell (Director)
 - 2.2.2 Mark Taylor (Director)
 - 2.2.3 David Moss (Director)
 - 2.2.4 Tom Lofts (Governor at The de Ferrers Academy];
- 2.3 Subject to paragraph 2.4, the Committee shall at the first meeting of each academic year elect a member to act as chair of the Committee (the **Chair**).

The Committee will elect a temporary replacement from among the members present at the meeting in the absence of the Chair.

- 2.4 No person may act as Chair under paragraph 2.4 unless they are also a member of the Trust Board.
- 2.5 The Director of Governance and Compliance shall ensure that a clerk is provided to take minutes at meetings of the Committee.
- 2.6 The Committee may invite attendance at meetings from persons who are not Directors or Committee members to assist or advise on a particular matter or range of issues. Such persons may speak with the permission of the Chair but shall not be entitled to vote.

3 Remit and responsibilities of the Committee

- 3.1 The Committee shall be responsible for the matters set out in the Schedule.

4 Proceedings of Committee meetings

- 4.1 The Committee will meet as often as is necessary to fulfil its responsibilities but at least three times a year.
- 4.2 Any two Committee members can request that the Chair convene a meeting by giving no less than 14 days prior notice.
- 4.3 The quorum for the transaction of the business of the Committee shall be a majority of the Committee members and no vote on any matter shall be taken at a meeting of the Committee unless the majority of members of the Committee present are Directors of the Trust.
- 4.4 Every matter to be decided at a meeting of the Committee must be determined by a majority of the votes of the members present and voting on the matter.
- 4.5 Each member present in person shall be entitled to one vote.
- 4.6 Where there is an equal division of votes the Chair shall have a casting vote.
- 4.7 A register of attendance shall be kept for each Committee meeting and published annually.

5 Authority

- 5.1 The Committee is authorised by the Trust Board to:
 - 5.1.1 carry on any activity authorised by these terms of reference; and
 - 5.1.2 seek any appropriate information that it requires from any officer of the Trust and all officers shall be directed to co-operate with any request made.

6 Reporting Procedures

- 6.1 Minutes of the meeting will be produced and approved at the next meeting of the Committee.
- 6.2 A report will be prepared to the Trust Board which will provide a summary document identifying (i) decisions made, (ii) recommendations to the Trust Board, (iii) any items for the information of the Trust Board and (iv) items for further discussion by the Trust Board.

(called the “**Committee Reports**”).

- 6.3 The Committee Reports can be agreed by Committee members by email.
- 6.4 The Committee Reports will be sent to the Trust Board at least 7 days prior to the meeting of the Trust Board.
- 6.5 The Committee shall arrange for the production and delivery of such other reports or updates as requested by the Trust Board from time to time.
- 6.6 The Committee shall conduct an annual review of its work and these terms of reference and shall report the outcome and make recommendations to the Trust Board.

Approved by the Board: 11 October 2016

Schedule

Responsibilities of the Audit Committee

External Audit

- 1 To consider the appointment of the external auditor and assess independence of the external auditor, ensuring that key audit personnel are rotated at appropriate intervals.
- 2 To recommend the audit fees to the Trust Board and pre-approve any fees in excess of £10,000 in respect of non-audit services provided by the external auditor and to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity.
- 3 To oversee the process for selecting the external auditor and make appropriate recommendations through the Trust Board to the members of the Trust to consider at any general meeting where the accounts are laid before members.
- 4 To discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor receives the fullest co-operation.
- 5 To review the external auditor's annual management letter and all other reports and recommendations, together with the appropriateness of management's response.
- 6 To review the performance of the external auditor on an annual basis.
- 7 To review and consider the circumstances surrounding any resignation or dismissal of the external auditor.

Programme of Internal Audit

- 8 To review the Programme of Internal Audit and ensure that the audit function is adequately resourced and has appropriate standing within the Trust.
- 9 To review the reports and recommendations of the internal audit, together with the appropriateness of management's response.
- 10 To monitor the implementation of action agreed by management in response to reports from the external and internal auditor.

Financial Management, Risk & Policies

- 11 To keep under review the Trust's financial management and reporting arrangements, providing constructive challenge (where necessary) to the actions and judgements of management in relation to the interim management and financial accounts, statements and reports and the annual accounts and

financial statements, prior to submission to the Trust Board, paying particular attention to:

- critical accounting policies and practices, and any changes in them
 - decisions requiring a major element of judgement
 - the extent to which the financial statements are affected by any unusual or complex transactions in the year and how they are disclosed
 - the clarity and transparency of disclosures
 - significant adjustments resulting from the audit
 - the going concern assumption
 - compliance with accounting standards
 - compliance with DfE and legal requirements.
- 12 To review the effectiveness of the Trust's policy and procedures for handling allegations from whistleblowers.
 - 13 To review the effectiveness of the Trust's policies and procedures for handling allegations of fraud, bribery and corruption.
 - 14 To receive reports on the outcome of investigations of suspected or alleged impropriety.
 - 15 To review the adequacy of policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements.
 - 16 To ensure that any significant losses are investigated and reported to the DfE where required.
 - 17 To review the effectiveness of the Trust's risk management policy, strategy, processes and procedures for the identification, assessment, evaluation, management and reporting of risks.
 - 18 To review the adequacy and robustness of risk registers.
 - 19 To keep under review the adequacy and effectiveness of the Trust's governance, risk management and internal control arrangements, as well as its arrangements for securing value for money, through reports and assurances received from management, the external and internal auditor and any other relevant independent assurances or reports (eg from the National Audit Office).
 - 20 To review all risk and control related disclosure statements, in particular the Trust's annual "Statement on Internal Control", together with any associated reports and opinions from management, the external and internal auditor, prior to endorsement by the Trust Board.
 - 21 To review any recommendations made by the Secretary of State for Education for improving the financial management of the Academies.

General

- 22 To review or investigate any other matters referred to the Committee by the Trust Board.
- 23 To draw any significant recommendations and matters of concern to the attention of the Trust Board.