

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

**(September 2017, with name of the Committee amended on 13 October 2020 to ‘Audit & Risk Committee’)**

**(Last Review: March 2021)**

**(Terms of Reference derive from the Audit Code of Practice issued by the Education & Skills Funding Agency)**

### **1 Purpose of the Audit & Risk Committee**

- 1.1 To assess and provide Reigate Learning Trust with an opinion on the adequacy and effectiveness of the Trusts:
- Audit arrangements,
  - Systems of internal control
  - Risk management arrangements including Risk Register and Assurance
  - Framework of governance
  - Processes for the economic, effective, and efficient use of resources
  - Solvency
  - Procedures for the safeguarding of its assets
- 1.2 The Committee’s role, in respect of solvency, will be to advise the Trust Board on its position as a going concern for the financial statements and to give an opinion on the budgetary and financial processes as part of its internal control opinion.

### **2. Effectiveness**

- 2.1. To advise the Trust Board on the adequacy and effectiveness of the Trust’s whole system of internal control, including controls for securing economy, efficiency and effectiveness (value for money).
- 2.2. To monitor, annually or more frequently if necessary, the implementation of approved recommendations relating to both internal assignment audit reports and annual reports and external audit reports and management letters.
- 2.3. To monitor the effectiveness and competence of the internal and external audit services and ensure effective co-ordination between them.
- 2.4. To establish, in conjunction with Trust Management, relevant performance measures and indicators and to monitor the effectiveness of the internal audit service and external auditor through these measures and indicators, using these measures to determine whether re-tendering is appropriate.

- 2.5. To obtain external professional advice if it considers this necessary.
- 2.6. To investigate any activity within its terms of reference and to receive reports from management concerning any irregularity or fraud investigation. Ensuring that all allegations of fraud and irregularity are properly followed up.
- 2.7. To seek any information it requires from the internal auditors, the external auditors, governors, committees and Trust employees, plus relevant information from sub-contractors and other third parties.
- 2.8. To approve additional services to be undertaken by internal and external audit.

### **3. Risk Management (including Risk Register & Assurance)**

- 3.1. To advise the Trust Board on the adequacy and effectiveness of the arrangements for risk management, assurance, and its governance processes.
- 3.2. To have oversight of all areas of risk management and assurance within the Trust, and to ensure, through the external and internal audit functions that the adequacy and effectiveness of the Trust approach to risk management and assurance is robust and transparent.

### **4. Internal Audit**

- 4.1. To agree the appointment, re-appointment, dismissal and initial remuneration of the internal audit service and the scope and objectives of their work.
- 4.2. To establish that the internal audit service adheres to all relevant professional standards.
- 4.3. To approve the audit needs assessment, and strategic and annual audit plans for the internal audit service including the annual fee for this work.
- 4.4. To consider and advise the Trust Board on internal audit assignment reports, including the annual report and on control issues and to ensure these are responded to promptly where appropriate.
- 4.5. To reinforce with the internal auditors the independence of their function.

### **5. External Audit**

- 5.1. To advise Members on the appointment, re-appointment, dismissal and initial remuneration of external auditors and the scope and objectives of their work.
- 5.2. To recommend each year to Members the external auditors to be appointed for that financial year.
- 5.3. To establish that the external auditors adhere to all relevant professional standards.
- 5.4. To discuss with the financial and regularity auditor before the audits begin the nature and the scope of the audits. To approve the annual fee for the external auditor if the audit is not being tendered.
- 5.5. To consider and advise the Trust on external audit reports and management letters with special reference to control issues raised and to ensure these are responded to promptly where appropriate.
- 5.6. To reinforce with the external auditors the independence of their function.

### **6. General**

- 6.1. To determine or advise on such matters relating to audit as the Trust may wish to delegate.

- 6.2. To consider and recommend the financial statements to the Trust.
- 6.3. To monitor within agreed timescales the implementation of agreed audit recommendations from whatever source.
- 6.4. To carry out any special/specific projects which the Trust may wish to delegate to the Committee.
- 6.5. The Committee has the right of access to obtain all the information and explanations it considers necessary, from whatever source, in order to fulfill its remit.
- 6.6. To review and advise the Trust on assurances received from management in respect of internal controls and value for money.
- 6.7. To inform the Trust of any additional services provided by the financial statements, regularity and other audit and internal auditors and explain how independence and objectivity were safeguarded.
- 6.8. To consider and advise the Trust on relevant reports by the NAO, the Council and other funding bodies, and where appropriate management's response to these.
- 6.9. To oversee the Trust's policies on fraud, bribery, irregularity and public interest disclosure, and ensure the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity.
- 6.10. To ensure that where fraud is discovered, the internal and external auditors have been informed, and that appropriate follow-up action has been planned / actioned. The Committee must also ensure that all significant cases of fraud or suspected fraud or irregularity are reported to the chief executive of the appropriate funding body.
- 6.11. To report to the Trust via the minutes.
- 6.12. To submit an annual written report to the Trust to include the Committee's opinion on the:
  - i.) Adequacy and effectiveness of the Trust's audit arrangements
  - ii.) Framework of governance
  - iii.) Risk management, assurance, and control systems
  - iv.) Processes for securing economy, efficiency and effectiveness
  - v.) Measures it has taken to ensure it has fulfilled its statutory and regulatory responsibilities
  - vi.) Review of its own effectiveness.
- 6.13. The annual report must be submitted to the Trust before the Statement of Corporate Governance and Internal Control in the accounts is signed.
- 6.14. A copy of the Committee's annual report must be submitted to the relevant funding body with the annual accounts.

## **7. Membership**

- 7.1. Two Trustees as a minimum (not including the Chair of the Trust or the Chief Financial Officer) with no more than three Trustees.

- 7.2. The membership of the Committee shall be agreed on an annual basis at the last meeting of the Trust Board each academic year.
- 7.3. The Committee may have co-optees as members. These will be appointed by the Trust.
- 7.4. The Committee should include individuals with an appropriate mix of skills to allow it to discharge its duties effectively.
- 7.5. Collectively, the members of the Committee must have recent, relevant experience in effective governance, risk management, finance, and audit and assurance.
- 7.6. The quorum shall be two members.

## **8. Attendance of Senior Managers and Others**

- 8.1. Senior managers can be invited to be in attendance, but are not members of the Committee.
- 8.2. Senior managers of the Trust may be invited to attend meetings as required to provide information and in accordance with the requirement for the Committee not to be subject to undue influence nor to have its objectivity compromised.
- 8.3. The Partners or other senior members of staff representing the internal audit provider and the financial statements and regularity auditor will normally be in attendance.
- 8.4. At least once a year the members will meet the internal auditor and the financial statements and regularity auditor privately in closed session.
- 8.5. The internal auditor and the financial statements and regularity auditor have a right of direct access to the Chair of the Audit Committee and also the right to ask the Chair to convene a meeting, if necessary, with or without other participants.

## **9. Meetings**

### **9.1 Preparation**

The Clerk to the Committee shall circulate to members the agenda and papers at least a week before each meeting.

### **9.2 Attendance**

- (i) The Committee shall have the power to invite such other persons to attend meetings as may be desirable and necessary.
- (ii) Any Trustee may attend meetings of the Committee with the prior permission of the Committee's Chair.
- (iii) Only members of the Committee may vote at the meeting.
- (iv) Where necessary, the Chair may have a second or casting vote.
- (v) Members may participate in the meeting by telephone or video-conferencing, as permitted under Article 126.

### **9.3 Frequency of Meetings**

The Committee shall meet as often as is necessary to fulfill its responsibilities and at least once each term.

#### 9.4 Decision Making

- (i) Decisions and resolutions agreed by members to be recorded in the minutes of the meeting.
- (ii) Article 123 permits decisions to be taken by written resolutions (Article 126: *A resolution in writing, signed by all the Trustees entitled to receive notice of a meeting of Trustees or of a committee of Trustees, shall be valid and effective as if it had been passed at a meeting of Trustees or (as the case may be) a committee of Trustees duly convened and held. Such a resolution may consist of several documents in the same form, each signed by one or more of the Trustees.*)

### **10 Appointment of Chair**

- 10.1 The Trust Board shall agree the Chair of the Committee on an annual basis.
- 10.2 In the absence of the Chair, members shall appoint a temporary replacement from among their number present at the meeting.

### **11. Appointment of Clerk**

- 11.1 The Clerk to the Trust shall be the Clerk to the Committee.
- 11.2 In the absence of the Clerk, members will appoint a replacement for the meeting.

### **12 Reporting Procedures**

- 12.1 The Clerk to the Committee shall make available minutes of meetings of the Committee to all Trustees.
- 12.2 The Chair of the Committee shall be responsible for giving an oral summary of the Committee's deliberations, if necessary, at meetings of the Trust Board.