

Opportunity, Work together, Nurture

AUDIT AND RISK (A &R) COMMITTEE TERMS OF REFERENCE

The A & R Committee is an executive committee of the OWN Trust with specific delegated powers and is established in accordance with the requirements of the Academy Trust Handbook and the Trust's Articles of Association. These powers are determined, and can be varied permanently or temporarily, by the Trust Board and are recorded in the Scheme of Delegation.

The Academies Financial Handbook states the audit and risk committee must:

- *oversee and approve the trust's programme of internal scrutiny*
- *ensure that risks are being addressed appropriately*
- *report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks*

A Composition of the Audit & Risk Committee

The Trust Board will appoint members of the Audit and Risk Committee. Membership will be a minimum of three trustees:

1. Specified Trustees with relevant knowledge, skills and expertise in finance, accountancy, scrutiny and audit, risk, compliance, commerce and business.
2. Such additional persons with expertise who may be appointed by the Trust Board.
3. Such further Trustees as the Trust Board may appoint in order to ensure that the Committee has a majority of Trustees.

Employees of the Trust will not be appointed to the Audit and Risk Committee. The Chair of the Trust Board will not be appointed to the Audit and Risk Committee.

The Chief Executive Officer/Accounting Officer and the Chief Financial Officer are not members of the committee but will attend in their professional capacity.

The Governance & Compliance Manager will act as clerk to the committee. If not able to attend, the G&C Manager will engage a suitably qualified professional clerk to attend and minute the meeting.

B TERM OF OFFICE AND RESPONSIBILITIES OF COMMITTEE MEMBERS

1. The Trust Board shall appoint the members and Chair of the committee annually, noting any recommendation from the Committee. The Trust may remove/replace the Chair and Vice-Chair of the Committee.
2. On appointment, committee members are required to familiarise themselves, and where appropriate to agree to comply, with:
 - 2.1 OWN Trust Articles of Association, Master and Supplementary Funding Agreements
 - 2.2 OWN Trust Financial Regulations,
 - 2.3 The Academy Trust Handbook,
 - 2.4 These Terms of Reference,
 - 2.5 Current relevant financial legislation and guidance for academies
 - 2.6 OWN Trust's risk register
 - 2.7 Relevant Trust policies
3. Committee members will respect the confidentiality of any matters discussed, or information accessed, as part of their role.
4. Members will, at the start of every meeting, declare any actual, potential or perceived conflict of interest (financial or otherwise) in any item on the agenda. Where a conflict is unclear, the Committee will decide if a member should withdraw from the discussion and/or vote.

C OPERATION AND ROLE OF THE AUDIT AND RISK COMMITTEE

The remit of the Audit and Risk Committee includes oversight of central Trust operations and operations at individual constituent academies.

1. The Audit and Risk Committee will meet at least once per term. Dates for meetings are set annually by the Trust as part of the whole-trust calendar.
 - 1.1 Additional meetings may be called where necessary to meet the needs of the Trust.
 - 1.2 All meetings are virtual.
 - 1.3 Where a meeting cannot take business may be conducted via email as a written resolution. All decisions taken by such means will have the same status and effect as if they had been taken at a meeting.

- 1.4 Quorum for a meeting of the Committee will be half the membership of the committee (rounded up) or two trustees, provided that the majority of those present are Trustees of the OWN Trust.
 - 1.5 Agenda and papers for meetings will be shared seven days before the meeting. The convening of a meeting and the proceedings conducted shall not be invalidated by reason of any individual not having had access to the agenda and papers. A shorter notice period may be given at the discretion of the Committee Chair.
 - 1.6 All matters for decision by the committee will be determined by simple majority of committee members present and eligible to vote. Where there is a tie, the Chair has a casting vote.
 - 1.7 Draft minutes of the meeting will be shared within 10 working days of the meeting and will be signed by the Committee Chair to verify that the minutes are a true record
2. The Committee Chair, or if they are not available, a delegated member of the Committee will report to, and make recommendations to, the Trust Board.
 3. The Committee shall exercise the powers, responsibilities and duties delegated by the Trust Board as set out in these Terms of Reference and the Trust's Scheme of Delegation. The committee's remit will include, but is not limited to:
 - 3.1 Financial, accounting and procurement controls and regularity
 - 3.1.1 The Chairs of the Finance & HR, Audit & Risk and Pay Committees will liaise closely on any areas of overlap.
 - 3.2 Internal and external audit
 - 3.2.1 The committee shall review and propose to the Trust Board the appointment and any subsequent re-appointment of the Trust's auditors (SoD 4.11)
 - 3.2.2 The Committee shall work with the Finance & HR Committee, CFO and CEO to oversee the statutory audit of Annual Accounts for the Trust and each school.
 - 3.2.3 The Committee, acting in concert with the Finance & HR Committee, shall review and recommend to the Trust Board the audited Annual Accounts and Report in accordance with relevant statutes and regulations (SoD 4.7)
 - 3.2.4 The Committee shall prepare and recommend to the Trust Board a Trust action plan in response to the auditor's management letter and be responsible for its subsequent implementation (SoD 4.10)
 - 3.2.5 The Committee shall plan, oversee and monitor internal audit of the Trust and provide assurance to the Trust Board that risks, both existing and emerging, are being adequately identified and managed.
 - 3.2.6 The Committee will develop, implement and monitor annual, and multi-year (where applicable), audit plans, informed by the Trust's risk register priorities.

- 3.2.7 The Committee shall receive and consider reports from the Trust's appointed internal auditors and will identify actions and timescales to address any issues or non-compliance (SoD 4.10) and make recommendations to the Trust Board accordingly, liaising with other committees where required.
 - 3.2.8 The Committee will consider outputs from other assurance activities by third parties including, but not limited to, ESFA financial management and governance reviews, funding audits and investigations.
 - 3.2.9 The Committee will ensure the Trust is complying with the overall requirements for internal scrutiny, as specified in the Academy Trust Handbook.
 - 3.2.10 The Committee will ensure information submitted to DfE and ESFA that affects funding, including pupil number returns and funding claims (for both revenue and capital grants) completed by the trust and (for trusts with multiple academies) by constituent academies, is accurate and in compliance with funding criteria.
 - 3.2.11 The Committee will ensure there is coordination between internal and external auditors and will ensure that additional services undertaken by the auditors are compatible with the audit independence and objectivity legal requirements.
 - 3.2.12 The committee will 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, including around staff wellbeing, to an appropriate member of the management team or in exceptional circumstances directly to the Board of Trustees.
- 3.3 The Trust's risk register and the strategy and controls to deal with risk.
- 3.3.1 Financial risks – Oversight around financial risks remains a Trust Board role, to ensure that decisions involve a full complement of trustees. However, the Audit & Risk and/or Finance & HR committees might be tasked to oversee specific areas of risk or control relating to financial matters.
 - 3.3.2 Legal risks
 - 3.3.3 Operational risks – IT/cyber security; HR/staffing; facilities management; assets; safeguarding; management information; critical incident recovery; contingency and business continuity; Health & Safety;
 - 3.3.4 Reputational risks
 - 3.3.5 Governance – regulatory requirements; organisational culture; succession planning;
 - 3.3.6 Compliance and regulatory requirements – charity law; company law; ESFA; equality; DfE statutory guidance
 - 3.3.7 External risks to the Trust

3.4 Premises and Health & Safety

3.5 Prepare, review and approve policies delegated to the Committee. Review and recommend to the Trust Board any policies related to the Committee's function but not delegated to the Committee (see Trust policy matrix).

3.6 Any other duties delegated to the Committee under the Trust's Scheme of Delegation or by decision of a properly constituted meeting of the Trust Board.