

## The Sixth Form Colleges Trust

### Terms of Reference

#### Audit and Risk committee (AC)

##### **1 Purpose**

The role of the Audit Committee (AC) is to maintain an oversight of the Trust's compliance with statutory and contractual obligations, and to maintain an oversight of the risk management, internal control and value for money frameworks.

Within its purpose, and so long as it is compliant with the Articles and the Scheme of Delegation, so long as it does not undermine a decision of the Board of Trustees, the committee may:

- 1.1 Make any decision necessary, or recommendation to the Board, to ensure the Trust's compliance and effectiveness.
- 1.2 Investigate any activity within its Terms of Reference or specifically delegated to it by the Board.
- 1.3 Request any information it requires from any employee, external auditor, internal auditor, or other assurance provider
- 1.4 Obtain legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer and/or Board.
- 1.5 Send to any other committee of the Board for review and opinion, any matter it considers to be relevant.

##### **2 Membership, quoracy and voting**

- 2.1 The committee shall comprise a minimum of three Trustees and is in addition expected to include some local governing body members.
- 2.2 In accordance with the Academy Trust Handbook, the committee must contain a majority of Trustees in its membership.
- 2.3 At least one member of the committee should have recent and relevant financial, accounting or audit assurance experience. Collectively, the committee should include individuals with an appropriate mix of skills and experience to allow it to discharge its responsibilities effectively.
- 2.4 The Chair of the Board of Trustees should not be a member of the committee.
- 2.5 Employees of the Trust and members of any Finance and Resources Committee (where it exists), should not be members of the committee.
- 2.6 Only members of the committee and the Trust Governance Professional have the right to attend meetings. However, the Accounting Officer, Chief Financial Officer, Internal Auditors and External Auditors should attend on a regular basis but shall have no voting rights. Other individuals may be invited to attend all or part of any meeting as and when deemed appropriate and shall have no voting rights.
- 2.7 The Trust Board shall appoint the AC Chair. No member may act as Chair unless they are a Trustee. In the absence of the AC Chair, the remaining members present shall elect one of themselves to Chair the meeting.
- 2.8 The quorum for the committee shall be three members (at least two of whom should be Trustees).
- 2.9 The committee may appoint co-opted or associate members with relevant experience. Co-opted or associate members may vote when not operating super-numerary. Co-opted or associate members must comply with the provisions or eligibility as if they

were Trustees including declaring conflicts of interest in accordance with the Articles of Association as if they were Trustees of the Trust and in accordance with Trust policy.

- 2.10 It is expected that decision making by members of the committee shall be by consensus. If an occasion arises where an agreement cannot be reached on any matter, it shall be determined by a majority vote. Where there is an equal division of votes the Chair shall have a casting vote.
- 2.11 In accordance with the Articles of Association, no vote on any matter shall be taken at a meeting of the committee unless those members present include a majority of Trustees.

### **3 Frequency of meetings, recording and reporting**

- 3.1 The committee shall meet at least termly, at appropriate intervals in the reporting and audit cycle and otherwise as required.
- 3.2 The Governance Professional (or their nominee) shall minute proceedings. If the Governance Professional (or their nominee) is absent or required to withdraw from any part of the meeting, one of the committee's members shall minute proceedings.
- 3.3 The committee shall provide minutes for review at Board meetings.

### **4 Terms of Reference**

- 4.1 The committee should have oversight of the Trust as a whole, including its constituent Colleges, and carry out the following duties as appropriate.
- 4.2 Advise the Board on the effectiveness and resources of the external/internal auditors or scrutineers to provide a basis for their reappointment, dismissal or retendering, and their remuneration. Considerations may include:
- the auditor's/scrutineer'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/scrutineer 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 / scrutineer's use of technology;
  - ensure there is co-ordination between internal audit/scrutiny and external audit and any other review bodies that are relevant;
  - consider the reports of the auditors/scrutineers and, when appropriate, advise the 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.
- 4.3 Audit: The Board of Trustees, taking advice from the committee, must ensure there is an appropriate, reasonable and timely response by the Trust's executive leadership team to findings by external auditors, taking opportunities to strengthen systems of financial management and control. Specifically, the committee must:
- Advise the Members on the appointment following procurement processes or the dismissal of the external and regularity auditor ("external auditor").
  - Approve the annual re-appointment of the external auditor following their initial appointment by the Members, subject to a requirement to re-tender the service at least every 5 years (or to recommend re-tendering at a shorter interval if that is appropriate).

- Consider the external auditor's plan each year and approve the planned approach.
- Receive a presentation from the external auditor on the annual report and financial statements prior to their consideration by the Board and submission to the ESFA by 31 December each year.
- Consider the auditor's findings and actions taken by the Trust's executive leadership team in response to those findings.
- Report the committee's conclusions annually to the Board of Trustees and Members. Submit the audit completion report to the ESFA by 31 December each year.
- Approve/oversee the arrangements for internal audit, including the appointment of the internal audit provider (where relevant) and their work programme.

4.4 Internal Scrutiny, including Risk Management: The committee, on behalf of the Board of Trustees, is responsible for examining and reviewing all systems and methods of internal control, both financial and otherwise, including risk tolerance, analysis and risk management; and for ensuring the Trust is complying with the overall requirements for internal scrutiny, as specified in the Academy Trust Handbook. Specifically, the committee must:

- Keep under review the Trust Risk Management Policy ensuring management of risks includes contingency and business continuity planning e.g. significant contracts that impact on the student experience.
- Ensure consistency across the Trust Board Assurance Framework and that of its constituent Colleges. Conduct regular in-year reviews of the Trust Risk Register to receive assurance on the effectiveness/appropriateness of controls to mitigate risks.
- Consider an annual Risk Management report for receipt by the Board.
- Agree an annual programme of internal scrutiny/audit, that is informed by the Trust Risk Register and covers the full operations and activities of the Trust.
- Provide an annual internal scrutiny report of areas reviewed, key findings, recommendations, and conclusions. The summary report must be submitted to the ESFA by 31 December each year.
- Consider the appropriateness of executive action following internal audit/internal scrutiny reviews or inspections (including Health and Safety) and advise the Board on any additional or alternative steps to be taken and the timeframe for these.
- Undertake an annual review of all insurance arrangements taking into account value for money considerations.
- Regularly review the Trust's policies and procedures around fraud, bribery, theft, irregularity, Whistleblowing, GDPR and cybercrime, and any other policies as required by the Scheme of Delegation. Monitor/receive reports on the outcome of investigations of suspected or identified fraud, irregularity or impropriety.
- Contribute to the processes and arrangements for the effectiveness of governance across the Trust.

V4  
2 September 2024