

The Priestley Academy Trust

Terms of Reference



Audit and Risk Committee

Contents

| | |
|---|---|
| Purpose of the Audit and Risk Committee | 3 |
| Roles and Responsibility of the Audit and Risk Committee..... | 3 |
| Membership of the Audit and Risk Committee | 4 |
| Organisation..... | 5 |
| Attendance..... | 5 |
| Clerk | 5 |

Purpose of the Audit and Risk Committee

The Audit and Risk Committee is a Committee of the Trust Board and is authorised to investigate any activity within its terms of reference or specifically delegated to it by the board. It is authorised to request any information it requires from any employee, external audit, internal audit or other assurance provider.

The overall requirements for the Audit and Risk Committee, as specified in the Academies Financial Handbook are:

- To have in place a process of internal scrutiny for checking financial systems, controls, transactions and risks
- To achieve internal scrutiny which delivers objective and independent assurance
- To provide assurance to governors that risks are being adequately identified and managed by reviewing the risks to internal financial control at The PAT and agreeing a programme of work to address and provide assurance on those risks; and
- To inform the governance statement that accompanies the annual accounts of The PAT and, so far as possible, provide assurance to external auditors

The Audit and Risk Committee manage this programme of risk review and checking of the financial controls in the way that it deems most appropriate, in accordance with the Academies Financial Handbook.

Roles and Responsibility of the Audit and Risk Committee

The responsibilities delegated to the Audit and Risk Committee by the Trust Board include:

- Financial Planning, Controls, Monitoring and Risk Management
- Review of the risks to internal controls and agree a programme of work that will address these risks
- Monitor, evaluate and report to the Board the impact of this work and make appropriate recommendations to action above
- To consider the appointment of the external auditor, the audit fee and scope of the work and advise the Board accordingly
- To guide the external auditor on the nature and scope of the audit as required
- To consider and advise the Board on external audit reports and associated matters
- Ensure any recommendations for improvement by external auditors, internal audit review, or by external agencies eg the EFA or DfE, once agreed by the Board, are carried out
- To act as the body to whom the head of the internal audit reports on the internal audit function and discuss any issues that the head of internal audit may raise
- Review and challenge where necessary:
 - Any changes to, accounting policies and practices annually and over time;
 - Areas involving a significant degree of judgement;
 - Whether the Trust has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

- The going concern assumption;
- Compliance with accounting standards and legal requirements;
- The clarity of disclosure in the Trust's financial reports and the context in which statements are made
- To ensure that all significant losses have been properly investigated and reported as appropriate
- To ensure that all business and pecuniary interests of members, Trustees and senior employees is appropriately recorded
- Receive termly reports from the Trust's management and the chosen internal audit arrangements on the effectiveness and integrity of the internal control and management system
- Review the timelines of, and report on, the effectiveness of corrective action taken by the Trust's management
- To receive and review relevant external reports relating to audit such as those prepared by the National Audit Office and EFA and recommend appropriate actions to the Board as a result of such reports
- To monitor the arrangements of the Trust to secure value for money
- To advise the Board on risk management and develop and undertake timely review of a comprehensive risk assessment, risk register, risk mitigation plan, and a business continuity plan
- Report to the Board at least termly on risk and annually on the Trust's business continuity plan
- To consider the Academy Trust's risk profile relative to current and future Academy Trust strategy and mitigate risk – including the nature and extent of significant strategic risks that the Trust is willing to take in achieving its objectives
- To oversee the Trust policies on fraud and irregularity and review arrangements where individuals can raise concerns, in confidence about possible fraud and irregularity in transacting the business of the Trust

The Audit and Risk Committee, in transacting its business with review, on a regular basis, its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

Membership of the Audit and Risk Committee

- The Audit and Risk Committee will be appointed by the Priestley Academy Trust Board and will comprise of no more than five and no fewer than three members
- The majority of members on the Audit and Risk Committee will be Trustees; at least one of whom shall have recent and relevant financial experience
- The Trust Board will appoint one of the members of the Audit and Risk Committee as its Chair and the Chair of the Trust Board will not act as the Chair of the Audit and Risk Committee
- The Chair may not be a member of any other Committee

Organisation

- Chair appointed annually
- Terms of Reference, constitution and membership – reviewed annually
- Quorum: three of which the majority must be Trustees
- Decision will be by simple majority of members in attendance and the Chair will have the casting vote on an equality of votes
- Executive Officers in attendance have no voting rights
- To meet at least two times a year, and additionally as and when required as determined by the Committee

Attendance

The Committee may ask the Chief Executive Officer, Chief Finance Officer, Internal Audit Manager, representative of the external auditors and any other senior executive to attend meetings of the Committee either regularly or by invitation.

Clerk

The Clerk will minute the proceedings and resolutions of the Audit and Risk Committee and ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.