

# TERMS OF REFERENCE OF THE AUDIT & RISK COMMITTEE OF HAMPTON ACADEMIES TRUST

Approved by the Board of Trustees on: 23 September 2021

Signed by the Chairman of the Board: 

## 1. Rules for membership and attendance

- 1.1. The Chair of the Audit & Risk Committee shall be appointed by the Trustees. The Chair must have relevant experience and expertise.
- 1.2. The Accounting Officer, Director of Finance & Resources, Finance Manager and other members of Trust staff may be invited to attend, but will have no voting rights.
- 1.3. Trustees who are not members of the Audit & Risk Committee should have the right of attendance. The Clerk will circulate minutes of meetings of the Audit Committee to all members of the Governing Body.
- 1.4. The Internal Auditor(s) from one of the two Accountancy Practices, who undertake work for the Trust, will normally attend meetings of the Committee.
- 1.5. The membership of the Committee is determined at the first meeting of the Trust Board each year.

## 2. Frequency and Quorum of Meetings

- 2.1. The Trustees have determined that the Audit & Risk Committee shall meet at least once per year and additional agenda items would feed in to Trust Finance meetings. Additional meetings can be arranged if necessary.
- 2.2. The quorum for a meeting of the Committee shall be three voting members; there must be at least two non-staff members of the Trust in attendance.

## 3. Authority

- 3.1. The Audit & Risk Committee is an advisory body with no executive powers or operational responsibilities / duties. However, it is authorised by the Trustees to investigate any activity within its term of reference, and to seek any information it requires from staff, external audit, internal audit or other assurance provider. Staff are required to co-operate with the Committee in the conduct of its inquiries. Requests for work and reports received from the internal auditor will be submitted to the Audit & Risk and Finance Committees as appropriate.

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- 3.2. The Audit & Risk Committee is authorised to obtain external independent professional advice if it considers this necessary and in consultation with the Accounting Officer and Chair of Trust. However, the Audit & Risk Committee may not incur expenditure in excess of £10,000 without the prior approval of the Finance Committee.

### 4. Role and Responsibilities

The role of the Audit & Risk Committee is to maintain an oversight of the Trust's governance, risk management, internal controls and value for money framework. It will report its findings annually to the Trustees and the Accounting Officer as a critical element of the Trust's annual reporting requirements.

The main responsibilities of the Audit & Risk Committee are to:

- 4.1. Help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds.
- 4.2. Improve the quality of financial reporting by reviewing internal and external financial statements on behalf of the Trustees.
- 4.3. Promote a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement.
- 4.4. Promote the development of internal control systems which will help satisfy the Trustees that the Academies with the Multi-Academy Trust will achieve their objectives and targets and are operating:
  - in accordance with any statutory requirements for the use of public funds;
  - within delegated authorities laid down by the ESFA and the Trust's own rules on what matters should be referred to the Trustees;
  - in a manner which will make most economic effective use of resources available.
- 4.5. **Audit**
  - consider and advise the Board on the Trust's annual and long-term audit programme, ensuring that the Trust's internal controls are subject to appropriate independent scrutiny at least in accordance with Government standards
  - to make recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor
  - discuss the nature and scope of each forthcoming audit
  - consider all relevant reports by the Internal Auditor and the appointed external auditor, including reports on the Trust's accounts, achievement of value for money and the response to any management letters
  - monitor the management's response and implementation of any actions to address adverse control findings or recommendations made by the internal auditor or the appointed external auditor

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- review the effectiveness of the Trust's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner

### 4.6. Risk

- monitoring the risk profile of the organisation against the Trust Board's desired risk appetite;
- monitoring the effectiveness and output of the annual risk management process;
- assessment of the overall population of risk within the risk registers, including any changes during the period
- consideration and challenge of risk prioritisation as provided by the risk owners, including discussion of any discrepancies
- ensuring that risk management is appropriately embedded within line management and that this process is monitored

### 4.7. Business Continuity

To develop and continually monitor the effectiveness of a business continuity plan and to periodically test the underlying assumptions of the plan.

#### Other

- To consider any other matters where requested to do so by the Trust board; and
- Report at least once a year to the Trust Board on the discharge of the above duties