



LYDIATE
LEARNING
TRUST

Audit & Risk Assurance Committee Terms of Reference

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Audit & Risk Assurance Committee

Accountability

- This committee is a committee of the Trust Board and as such, accountable to the Trust Board for all decisions. It is responsible for maintaining oversight of the Trust's financial and risk management, internal control systems and governance and as such will report findings to the Trust Board and Accounting Officer, as a critical element of the Trust's annual reporting requirements.
- At least one member of the committee will have recent or relevant accountancy or audit & assurance experience.

Purpose

- Advise the Board on the effectiveness and resources of the external auditors to provide a basis for their reappointment, dismissal, retendering, or remuneration.
- Oversee and approve the Trust's programme of internal scrutiny.
- Ensure that risks are being addressed appropriately through internal scrutiny.
- Report to the Board on the adequacy of the Trust's internal control framework (this includes financial and non-financial controls and management of risks).
- Encourage a culture in the Trust whereby any individual feels they have a part to play in guarding the probity of the Trust and can raise any concerns with the management team or in exceptional circumstances with the LLT Board, without fear.

Meetings

- There will be three meetings per academic year with the December meeting being an annual summary meeting including the External Auditor, - prior to the LLT Board and Annual Members meeting.
- Any additional meetings of this committee would be by exception and in agreement with the relevant Chair and Senior Governance Professional (SGP).
- The agenda and paperwork relating to each meeting will be available 7 days prior to the meeting, usually via Governor Hub.
- All committee meetings will be minuted by the SGP for LLT or, in their absence, someone appointed by the SGP or Chair. The minutes will be available to all Trustees on Governor Hub.
- The Chair SGP will co-ordinate the preparation of any requested report on matters relating to the work of the committees, for both the LLT Board and Members.
- Employees of the Trust will not be committee members, but the Accounting Officer (CEO) and Director of Finance will attend to provide information and participate in discussions.

Quorum

- The committee will comprise of a minimum of 3 Directors (Trustees) and be quorate when 50% or more of the Directors are present

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Audit & Risk Assurance Committee

Committee Chair

- The Chair is elected each year by the LLT Board.
- The Chair & Vice Chair positions will never be held by the LLT Board Chair.
- The Chair will always be different to the Chair of the Finance & Resources Committee.
- If the Chair is absent from a meeting, the Vice Chair will run the meeting.

Delegated Powers and Functions

- This committee is authorised to investigate any activity within its terms of reference or as specifically delegated to it by the LLT Board.
It may request information from any employee, external or internal auditor or other assurance provide
- It may obtain legal or independent professional advice if considered necessary, normally in consultation with the Accounting Officer and/or LLT Board.

Voting Rights

- In respect of this committee, all members have equal voting rights. In the event of an equal division of votes, the Chair shall have a second or casting vote.

External Audit

- Consider the appointment of the external auditor and assess independence of the external auditor, ensuring that key audit personnel are rotated at appropriate interval
- Recommend the audit fees to the Board and pre-approve any fees in excess of £10,000 in respect of non-audit services provided by the external auditor and to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity.
- Oversee the process for selecting the external auditor and make appropriate recommendations through the Board to the Members of the Trust to consider at any general meeting where the accounts are laid before Members.
- Discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor receives the fullest co-operation.
- Review the external auditor's annual management letter and all other reports and recommendations, together with the appropriateness of management's response
- Review the performance of the external auditor on an annual basis.
- Review and consider the circumstances surrounding any resignation or dismissal of the external auditor.
- The expectation for the Trust is that a retender for the external audit contract will be undertaken every five years.

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Audit & Risk Assurance Committee

Annual Financial Statements

- Review and challenge where necessary, the actions and judgements of management in relation to the annual financial statements, accounting policies and practices, unusual transactions, disclosures, significant adjustments resulting from audits, the going concern assumption, compliance with accounting standards and related guidance, in particular the Academy Trust Handbook, and compliance with other legal requirements.
- Review and provide advice to the Board on whether the annual report and financial statements, taken as a whole, are fair, balanced, and understandable and provide the information necessary to assess the Trust's performance.
- Review the letter of representation prior to sign off by the Board.

Internal Scrutiny & Control

- Review and provide advice to the Board on the adequacy of the trust's internal control framework, including financial and non-financial controls and risk management arrangements, as specified in the Academy Trust Handbook.
- Direct a programme of internal scrutiny and review the reports and recommendations of the internal scrutiny, together with the appropriateness of management's response.
- Monitor the implementation of action agreed by management in response to reports from the external auditor and internal scrutiny process.
- Annually, agree a programme of work delivering internal scrutiny across the academic year.
- Monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and where appropriate, make recommendations for improvement.
- 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 MATs) by constituent academies, is accurate and in compliance with funding criteria.

Risk Assurance

- At least annually, undertake a risk mapping exercise to inform the Trust's approach to risk management, internal scrutiny and internal financial and non-financial controls.
- Review the Trust's risk appetite, risk management policy, strategy, processes and procedures for the identification, assessment, evaluation, management and reporting of risks.
- Review the adequacy and robustness of the Trust's strategic risk register.
- Ensure that risk assurance measures include oversight of risks at constituent academies

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Audit & Risk Assurance Committee

- Keep under review the adequacy and effectiveness of the Trust's governance, risk management and internal control arrangements, as well as its arrangements for securing value for money, through reports and assurances received from management, the internal scrutiny process, the external auditor and any other relevant independent assurances or reports (e.g., from the ESFA).
- Review all risk and control related disclosure statements, in particular the Trust's annual "Statement on Internal Control", together with any associated reports and opinions from management, the external auditor, and Responsible Officer, prior to endorsement by the Trust Board.

Policies

- Review and monitor all policies within the committee's scope including Risk Assurance.
- Review the Trust's policy and procedures for handling allegations from whistle-blowers and allegations of fraud, bribery, and corruption.
- Receive reports on the outcome of investigations of suspected or alleged impropriety.
- Review the adequacy of policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements.
- Ensure that any significant losses are investigated and reported to the ESFA where required.
- Review any recommendations made by the Secretary of State for Education for improving the financial management of the Academies.

General

- Notify promptly the Trust Board of all financial matters of which the Committee has knowledge, and which may materially affect the current or future position of the Trust.
- Receive reports of notifiable breaches from the Data Protection Officer and to ensure compliance with data protection legislation.
- Review or investigate any other matters referred to the Audit and Risk Assurance Committee by the Board.
- Draw any significant recommendations and matters of concern to the attention of the Board.
- Review, on a regular basis, its own performance, constitution, and terms of reference to ensure it is operating at maximum effectiveness.

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Audit & Risk Assurance Committee

Standing Items - Assurance to LLT Board

- Update on Trust Risk Register
- Update against all Audit Actions.
- Examination and review of systems and methods of control – financial & otherwise.

Items for Annual Meeting (December)

- Annual Report and Financial Statements (Statutory Accounts)
- Letters of Representation
- External Audit Findings Reports.
- Any Recommendation regarding Auditors
- Review of Risk Register Effectiveness

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