

Audit, Risk & Finance Committee Terms of Reference

Introduction

To comply with the DfE's Academy Trust Handbook (ATH), all trusts must have an Audit & Risk Committee which achieves the prescribed functions laid out in the Handbook. In HLA, this is now expanded to encompass finance which is permitted for trusts with an income of <£50 million.

The Committee will seek to understand the adequacy and effectiveness of the Trust's internal controls, systems and frameworks, risk management, governance and compliance. In doing so, the Committee will aid the Board's responsibility to ensure sound financial management of the Trust, including proper planning, monitoring, regularity and propriety with the aim of achieving value for money and ultimately financial sustainability.

Membership & Proceedings

The Committee will be made up of Trustees only and will include at least one of the Board's Deputy Chairs.

A quorum shall be three Trustees.

Committee members should collectively possess knowledge and skills in accounting, risk management, audit, financial governance and technical issues relevant to the business and strategic management of the Trust.

The Committee will usually meet termly and a minimum of three times per year. Meetings will be convened by the Director of Governance and minutes will be drafted and shared with the Board at their next meeting. Additional meetings will be arranged as required. The CEO and CFOO shall be in attendance at meetings.

The auditors will be present for relevant items. On at least an annual basis, the Committee will have the opportunity to question the external auditor without the Executives present.

The Committee Chair and the Deputy Chair will be proposed annually to the Board.

To effectively discharge its functions, meeting agendas split between auditing, risk management, compliance and finance items where possible.

The Committee must fulfil its responsibilities as set out in these Terms of Reference in line with the Academies Trust Handbook, Academies Accounts Direction, the Trust's Funding Agreement, Articles and Scheme of Delegation (including the Financial Scheme of delegation) and the Financial Manual.

Assurance role

The Committee will advise the Board on the effectiveness and resources of the external and internal auditors to provide a basis for their reappointment, dismissal, retendering, or remuneration. The Committee will also assess whether the audit process allows issues to be raised in a timely manner and at the appropriate level and the quality of the 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 Executive and the use of the audit firm's technology. The Committee will ensure that there is co-ordination between internal scrutiny and external audit and any other review bodies that are relevant.

The Committee will take delegated responsibility on behalf of the Board for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the Trust is complying with the overall requirements for internal scrutiny. Whilst the Committee is responsible for overseeing internal scrutiny, the findings must also be made available to all Trustees promptly.

The Committee will have oversight of financial management as it relates to delivery of the Trust's strategic aims and in making recommendations to the Board, will ensure that management reports are compiled accurately, based on realistic assumptions and reflect lessons learned from previous years.

The Committee will also undertake regular reviews of its effectiveness including benchmarking against best practice.

The Committee will monitor the effectiveness of the Trust's whistleblowing arrangements and ensure appropriate follow-up of any reported concerns.

In terms of its specific functions the Committee will undertake to:

External Audit

- Review the external auditor's plan annually.
- Review the external auditor's findings and actions taken by the Trust's Executives in response to those findings.
- Review the annual report and accounts and make recommendations to the Board.
- Undertake the annual review of the effectiveness of the external auditor and produce an annual report of the committee's conclusions to advise the Board and Members (see reporting).

Internal scrutiny

- Oversee the annual programme of internal scrutiny, agreeing who will perform the work, which is objective and independent, covering systems, controls, transactions, and risks.
- Ensure the programme of work is informed by and takes account of the output from other assurance procedures.
- Review the ratings and responses on the risk register to inform the programme of work so that risks are being addressed appropriately.
- Ensure the programme of work provides coverage across the year and is spread appropriately so higher risk areas are reviewed in good time.

- Receive regular updates from internal scrutineers carrying out the agreed programme of work at each meeting.
- Review the findings and actions taken by the Trust's Executive in response to those findings.
- Consider the appropriateness of Executive action following internal scrutiny reviews and to advise the Board on any additional or alternative steps to be taken.
- Report to the Board on the adequacy and effectiveness of the Trust's systems of internal controls, including financial and non-financial controls, governance, and risk management processes.
- Undertake the annual review of the effectiveness of the internal auditor and make recommendations to the Board on their appointment.
- Review the internal scrutiny annual summary report from the internal auditor outlining the areas reviewed, key findings, recommendations and conclusions, to help the Committee consider actions and assess year on year progress and to report to the Board and the DfE (see reporting).

Risk Management

- Conduct a review of the risk register at each meeting and ensure a summary is provided to the Board termly
- At least annually, undertake a full review of the risk register with the Board.
- Monitor the effectiveness of Risk Management Policy and processes.
- Review any risks to the Trust's systems of internal control and agree a programme of work to address and provide assurance on those risks to the Board as appropriate.
- Review, monitor and assess periodically major aspects of risk such as:
 - Damage to the trust's reputation
 - Non compliance with regulatory requirements
 - Loss of funds
 - Changes in government policy
 - Risks to standards, systems and controls that may arise from expansion of the Trust.
 - The adequacy of arrangements for detecting and preventing fraud, bribery, and corruption.
 - The approach to information governance and cybersecurity, including data protection compliance.

Finance

- Consider and monitor the Financial strategy (once developed) and recommend to the Board policies, procedures and plans to deliver the strategy.
- Review relevant financial key performance indicators (KPIs) to maintain strong overall financial health.
- Oversee the draft annual budget setting process for final approval by the Board of Trustees.
- Monitor income and expenditure against the budget for the Trust and the College/schools, including reporting of any significant budget amendments.
- Review student estimates termly as they underpin revenue projections and report to the Board on any matters of significance.
- Ensure a strategic financial view of income, staffing and other expenditure including oversight of the effectiveness of Integrated Curriculum Financial Planning.

- Take a strategic view regarding College/school finances through longer term financial plans and projections, including capital funding both for maintenance of existing facilities and for College/school improvement projects.
- Monitor the prioritisation and progress of all maintenance and improvement works in line with the most up to date condition surveys.
- Ensure estates management and asset management plans are developed and regularly updated.
- Ensure competitive procurement procedures are in place within the Trust's financial framework which represent probity and value for money.
- Receive termly reports on Health & Safety matters and consider any relevant risk assessments.
- Review any financial management returns that may be required throughout the financial year.
- Review and act upon any issues identified by financial benchmarking against similar trusts.

Reporting

Via the Committee, the Trust must:

- Confirm which internal scrutiny option it has applied and why, in its governance statement which accompanies the annual accounts. The outcome of the scrutiny must inform the Accounting Officer's statement of regularity in the annual accounts.
- Provide an annual summary report to the DfE through the internal auditor on areas reviewed by internal scrutiny which covers key findings, recommendations, and conclusions and submit the summary report to the DfE with the audited annual accounts year ending 31 August.
- Produce an annual report of the Committee's conclusions to advise the Board and Members including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration (usually at the Trust's AGM subject to timing).
- Provide a view of the results of reviews of the Committee's effectiveness.
- Consider any financial management returns to the DfE where there may be approval required before they are submitted by the CFOO.

Policies

The Committee will monitor all policies as delegated from the Board in the policy schedule appended to the Scheme of Delegation. In particular, the Committee will ensure compliance with the Financial Scheme of Delegation and the ATH and ensure that financial, internal and governance control systems are robust.

Authority

The Committee will encourage a culture within the Trust whereby each individual feels that they have 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 Executive team or in exceptional circumstances directly to the Board.

The Committee is authorised to investigate any activity within its Terms of Reference or specifically delegated to it by the Board. This may include:

- Requesting any information it requires from any employee, external audit, internal scrutiny, or other assurance provider
- Obtaining outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer and/or the Trust Board.

The role of Local Governing Bodies

In accordance with the agreed Trust Scheme of Delegation, LGBs do not have any specific delegated functions relating to finance, auditing or compliance.

Through termly leadership reports, LGBs will receive updates on budgets and capital projects. LGBs will have oversight of risks relation to monitored areas such as safeguarding and health & safety.

To be agreed annually by the Board. Revised Summer 2026