



*This ToR is currently under review and will be updated soon.
The logo and Trust name will be updated at the same time.*



SAMUEL WARD ACADEMY TRUST

AUDIT COMMITTEE TERMS OF REFERENCE

1 Constitution

- 1.1 The Board of Directors hereby resolves to establish a Committee of the Board to be known as the Audit Committee (the Committee). The Committee is a non-executive committee of the Board of Directors and has no executive powers, other than those specifically delegated in these Terms of Reference.

2 Aim

- 2.1 The Committee will provide an independent and objective view of the Trust's internal control environment and the systems and processes by which the Trust leads, directs and controls its functions in order to achieve organisational objectives.

3 Scope

- 3.1 The Committee has overarching responsibility for monitoring specific elements of the systems and processes relating to governance, including financial systems, records and controls; financial information; compliance with law, guidance and codes of conduct; independence of internal and external audit; and the control environment (including measures to prevent and detect fraud).
- 3.2 The Committee has a statutory role in respect of assurance, controls, compliance, data and probity, and on behalf of the Board it will review the work of any of its Sub-Committees, requesting explanations where required. The aim is to ensure complete coverage while avoiding duplication by close liaison and cross-representation between any committees

4 Membership

- 4.1 The Committee shall be appointed by the Board of Directors from amongst the Non-executive Directors of the Trust and shall consist of no fewer than three members, one of whom has recent and relevant finance experience. One of the members will be appointed Chair of the Committee by the Board of Directors.
- 4.2 A quorum will be two members.
- 4.3 The Chairman of the Trust shall not be a member of the Committee.

5 Attendance at Meetings

- 5.1 The Finance Director and the Trust Secretary will normally attend all Committee meetings.
- 5.2 A representative of the Trust's External Auditors will attend as necessary.
- 5.3 Other members of the Board of Directors have the right of attendance at their own discretion.
- 5.4 All other attendances will be at the specific invitation of the Committee.

- 5.5 The Committee will have the over-riding authority to restrict attendance under specific circumstances.
- 5.6 The Committee will meet with the External Auditors, without any other Board Director present at least once a year.
- 5.7 Attendance at meetings will be recorded as part of the normal process of the meeting. A record of attendance will be reported as part of the Committee's Annual Report

6 Frequency of Meetings

- 6.1 Meetings will normally be held at least three times a year.
- 6.2 Special meetings may be convened by the Board of Directors or the Chairman of the Committee.
- 6.3 The External Auditors may request a meeting if they consider that one is necessary.

7 Authority

- 7.1 The Board of Directors authorises the Committee to investigate any activity within its duties (as detailed below) and grants to the Committee complete freedom of access to the Trust's records, documentation and employees. This authority does not extend, other than in exceptional circumstances, to personal information on either staff or pupils.
- 7.2 The Committee may seek any information (excluding personal information, other than in exceptional circumstances) or explanation it requires from the Trust's employees who are directed to co-operate with any request made by the Committee.
- 7.3 The Trust Board authorises the Committee to obtain external professional advice or expertise if the Committee considers this necessary.

8 Duties and Responsibilities

The duties and responsibilities of the Committee are as follows:

8.1 Governance and Assurance

- 8.1.1 The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities that supports the achievement of the organisation's objectives.

In particular, the Committee shall independently monitor and review:

- 8.1.1.1 the assurance systems and processes for all other external disclosure statements and any formal announcements relating to the Trust's financial performance, together with any accompanying Head of external audit opinion or other appropriate independent assurances, prior to endorsement by the Board of Directors.
- 8.1.1.2 the effectiveness of systems of internal financial and budgetary control and the integrity of reporting statements.
- 8.1.1.3 the effectiveness of systems for ensuring the optimum collection of income.
- 8.1.1.4 the effectiveness of risk management systems

- 8.1.1.5 the systems for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements, as set out in relevant guidance.
 - 8.1.1.6 the policies and procedures for all work related to fraud and corruption.
 - 8.1.1.7 arrangements by which staff may raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, safety or other matters, ensuring that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.
- 8.1.2 In carrying out this work, the Committee will primarily utilise the work External Audit and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.
- 8.1.3 This will be evidenced through the Committee's use of an effective Assurance Framework to guide its work and that of the audit and assurance functions that report to it. The Audit Committee shall ensure that there is a system for reviewing the findings of other significant assurance functions, both internal and external to the organisation and consider the implications to the governance of the organisation.
- 8.14 In addition the Committee will review the work of other committees within the organisation, whose work can provide relevant assurance to the Audit Committee's own scope of work.

8.2 Internal Audit

The Committee shall ensure that there is an effective internal audit function established by management, which meets mandatory Public Sector Internal Audit Standard and provides appropriate independent assurance to the Audit Committee, Chief Executive and the Board of Directors. This will be achieved by:

- 8.2.1 considering the appointment of the internal audit service, the audit fee and any questions of resignation and dismissal.
- 8.2.2 the review and approval of the internal audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation.
- 8.2.3 consideration of the major findings of internal audit investigations, the effectiveness of the management's response and ensuring co-ordination between the Internal and External Auditors to optimise audit resources.

The will include exception reports of management action beyond deadline and consideration of the findings of Internal Audit "testing" of completed actions.

- 8.2.4 ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the Trust.
- 8.2.5 assessing the quality of internal audit work on an annual basis.

8.3 Counter Fraud

The Committee shall ensure that there is an effective counter fraud function established by management and provides appropriate independent assurance to the Audit Committee, Chief

Executive and Board of Directors. consideration of the provision of the Counter Fraud service, the cost of the audit and any questions of resignation and dismissal.

8.4 External Audit

The Committee shall review the work and findings of the External Auditor and consider the implications and management's responses to their work.

- 8.4.1 Consideration of the appointment, performance and cost effectiveness of the External Auditor, making a recommendation to the Members on appointment of External Audit.
- 8.4.2 To ensure that the External Auditor remains independent in its relationship and dealings with the Trust and to review the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- 8.4.3 To review the annual audit plan and to discuss with the External Auditor, before the audit commences, the nature and scope of the audit.
- 8.4.4 As part of the audit plan, discuss with the External Auditors of their local evaluation of audit risks and assessment of the Trust and associated impact on the audit fee
- 8.4.5 To review External Audit reports, including value for money reports and management letters, together with the management response.
- 8.4.6 To consider where the external auditors might profitably undertake investigative and advisory work.
- 8.4.7 To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and
- 8.4.8 To assess the quality of external audit work on an annual basis.

8.5 Financial Reporting

- 8.5.1 The Audit Committee shall review the Annual Report and Financial Statements of the Trust before submission to the Board, to determine their completeness, objectivity integrity and accuracy. This review will cover but is not limited to:
 - the wording in the Annual Governance Statement (AGS) and other disclosures relevant to the Terms of Reference of the Committee;
 - changes in, and compliance with, accounting policies and practices;
 - explanation of estimates and provisions having material effect;
 - unadjusted mis-statements in the financial statements;
 - major judgemental areas;
 - the schedule of losses and special payments; and
 - significant adjustments resulting from the audit.

8.6 Key Trust Documents

- 8.6.1 Review proposed changes to Standing Orders, Standing Financial Instructions, Scheme of Delegation and Matters Reserved to the Board for approval by the Board of Directors.

- 8.6.2 To examine the circumstances of any significant departure from the requirements of any of the foregoing, whether those departures relate to a failing, an overruling or a suspension.
- 8.6.3 To review the Standing Orders, Standing Financial Instructions, Scheme of Delegation and Matters Reserved to the Board on a two yearly basis for approval by the Board of Directors.

8.7 Other

- 8.7.1 Review compliance with Standing Orders and Standing Financial Instructions through a schedule of waivers from the agreed Procurement Policy
- 8.7.2 Review schedules of losses and compensations
- 8.7.3 Monitor the process to ensure that Supply Chain Risk is identified and appropriate actions have been taken.
- 8.7.4 Entries recorded in the gifts and hospitality register would be considered on an exception basis as reported by the panel considering the entries made.

9 Reporting, Accountability, Monitoring and Review of Effectiveness

- 9.1 The Minutes of Audit Committee meetings shall be formally recorded and submitted to the Board of Directors along with a report of its activities no less often than three times a year; The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.
- 9.2 The Audit Committee shall review its terms of reference annually;
- 9.3 The Audit Committee shall carry out a self-assessment in relation to its own performance no less than once every two years, reporting the results to the Board of Directors;
- 9.4 An annual report of the activities of the Audit Committee shall be presented to the Board of Directors and the Council of Governors, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.
- 9.5 A separate section of the Trust's annual report will describe the work of the committee in discharging its responsibilities.
- 9.6 The Committee will agree on an annual basis a reporting framework. This determines standing items for the agenda and items for regular reporting.
- 9.7 Maintain and monitor performance against the agreed reporting framework.
- 9.8 Follow-up agreed actions to ensure these are implemented in a timely and effective manner.