

Terms of Reference

Audit & Risk Committee

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1. Constitution and Purpose

- 1.1 The Audit & Risk Committee is constituted by the Board of Trustees (the Trustees) of Heartwood Learning Trust (the Trust Board) to maintain oversight of the Trust's financial controls, governance, risk management and internal control systems.
- 1.2 The Audit & Risk Committee will report findings to the Trust Board and Accounting Officer as a critical element of the Trust's annual reporting requirements.

2. Membership

- 2.1 The Committee shall have a minimum of two members. A majority of Audit & Risk Committee members must be Trustees. Any member of the Board of Trustees may count towards membership of the Audit & Risk Committee and will be entitled to vote in any proceedings of the Committee. The membership may also include persons who are not Trustees: the Chair of the committee may decide if such members are entitled to vote in any proceedings of the Committee. At least two members of the Audit & Risk Committee must be Trustees. Officers of the Trust who may attend the meeting to report to Trustees are not counted as Committee members and are not entitled to vote in any proceedings of the Committee.
- 2.2 No vote on any matter shall be taken at a meeting of the Audit & Risk Committee unless the majority of members of the Committee present are Trustees.
- 2.3 The Deputy Chief Executive Officer shall ensure that a Clerk is provided to take minutes at meetings of the Committee.
- 2.4 The Audit & Risk Committee may invite attendance at meetings from persons who are not Trustees or Committee Members to assist or advise on a particular matter or range of issues. Such persons may speak with the permission of the Chair but shall not be entitled to vote.
- 2.5 The Chair of the Audit & Risk Committee shall be appointed annually from the Trustee members of the group by the Full Trust Board. The Chair of Trustees cannot be Chair of the Audit & Risk Committee.
- 2.6 The Deputy Chief Executive Officer and Chief Financial Officer should attend to provide information and participate in discussions.
- 2.7 At least one member of the Audit & Risk Committee should have recent or relevant accountancy, or audit assurance, experience.

3. Remit and responsibilities of the Audit & Risk Committee

- 3.1 The Audit & Risk Committee shall be responsible for the matters set out in the attached Schedule, and any other matters delegated to it by the Trust Board.

4. Proceedings of Audit & Risk Committee meetings

- 4.1 The Audit & Risk Committee will meet as often as is necessary to fulfil its responsibilities but at least twice a year to include one meeting in the autumn term.
- 4.2 Any two Audit & Risk Committee members can require that the Chair convene a meeting by giving no less than 14 days' prior notice.
- 4.3 The quorum for the transaction of the business of the Audit & Risk Committee shall be two of those members of the committee who are Trustees.
- 4.4 Unless the meeting is quorate any matter decided by the Audit & Risk Committee will only be a recommendation and must be ratified by the Trust Board.
- 4.5 Every matter to be decided at a meeting of the Audit & Risk Committee must be determined by a majority of the votes of the committee members present and voting on the matter. (For the avoidance of doubt, an abstention from voting is not counted as a vote)
- 4.6 Each member present in person shall be entitled to one vote.
- 4.7 Where there are three or more Trustee members and an equal division of votes, the Chair of the meeting shall have a casting vote. Where there are only two Trustee members and they do not fully agree, the decision will be referred to the Trust Board for the final vote.
- 4.8 In the absence of the Chair, a fellow Trustee may chair the meeting.
- 4.9 A register of attendance shall be kept for each committee meeting and published annually.
- 4.10 All papers will be provided to committee members no less than seven days before the meeting. The committee will only consider papers submitted less than seven days before the meeting in exceptional circumstances and with the prior agreement of the Chair.

5. Authority

- 5.1 The Audit & Risk Committee is authorised by the Trust Board to:
- Request any information it requires from any employee, external audit, internal audit or other assurance provider.
 - Obtain outside legal or independent professional advice it considers necessary, normally in consultation with the Chief Executive Officer, Deputy Chief Executive Officer and/or the Trust Board.

6. Reporting Procedures

- 6.1 Within 5 working days of each meeting the Clerk to the Audit & Risk Committee will produce minutes of its meetings.
- 6.2 Within 10 working days of each meeting the Chair of the Audit & Risk Committee will agree the draft minutes of its meetings (a final version will be signed off at the next meeting).

- 6.3 The Audit & Risk Committee minutes and any reports can be agreed by committee members by email.
- 6.4 The Audit & Risk Committee will report back to the Trust Board at least 5 working days before the next Full Trust Board meeting.
- 6.5 The Audit & Risk Committee will provide an annual summary report prepared by Internal Audit covering key findings, recommendations, management actions and conclusions.
- 6.6 The Audit & Risk Committee shall conduct an annual review of its work (summer term) and these terms of reference (autumn term) and shall report the outcome and make recommendations to the Trust Board.

SCHEDULE

Responsibilities of the Audit & Risk Committee

1. The Audit Committee will:

- 1.1 Advise the Board on the effectiveness of the external and internal auditors to provide a basis for their reappointment, dismissal, retendering, or remuneration. Considerations may include:
 - The auditors' sector expertise.
 - Their understanding of the Trust and its activities.
 - Whether the audit process allows issues to be raised on a timely basis at the appropriate level.
 - The quality of auditor comments and recommendations in relation to key areas.
 - The personal authority, knowledge and integrity of audit partners and their staff to interact effectively with, and robustly challenge, the Trust's managers; and
 - The auditors' use of technology.
- 1.2 Ensure there is coordination between internal audit and external audit and any other review bodies that are relevant.
- 1.3 Consider the reports of the auditors and, when appropriate, advise the Trust Board of material control issues.
- 1.4 Encourage a culture within the Trust whereby each individual feels that he or she has 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 management team or in exceptional circumstances directly to the Trust Board.
- 1.5 **External Audit**
 - Review the external auditor's plan each year.
 - Review the external auditor's findings and actions taken by the Trust's management in response to those findings.
 - Report the Committee's conclusions to advise the Trust Board and Members at the Annual General Meeting.
- 1.6 **Internal Audit and Risk**
 - Take delegated responsibility on behalf of the Trust 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, as specified in the Academies Financial Handbook.
 - Conduct a regular review of the Trust's risk register.
 - Agree an annual programme of internal scrutiny, which is objective and independent, covering systems, controls, transactions, and risks.
 - Advise the Trust Board on the adequacy and effectiveness of the Trust's systems of internal control, governance, and risk management processes.
 - Consider the appropriateness of management action following internal audit/internal scrutiny reviews and to advise the Trust Board on any additional or alternative steps to be taken.
 - Oversee the annual review of the Trust's risk register.