

The Park Federation Academy Trust

Audit Committee

Terms of Reference

Purpose

The Audit Committee operates under the direction of the relevant Academies Financial Handbook to monitor the integrity of financial statements and their associated accounting policies and provide independent checking of financial controls, systems, transactions and risks.

Authority:

The Audit Committee is authorised to provide guidance on internal audit processes and to liaise directly with external auditors in the course of their conduct of an audit. The Committee is further authorised to seek any information it requires from any employee of the company in order to perform its duties.

Membership:

The committee shall comprise at least 3 members who have been appointed by the Board of Directors. Members will normally come from Board Directors and Academy Councils but the Board may appoint an Associate member in order to provide specific experience. No member of staff or member of the Finance Committee can be a member of the Audit Committee.

Chair:

The members will elect a Committee Chair on an annual basis. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

Clerk:

The Board Clerk shall act as Clerk to the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

Quorum:

Quorum for the necessary transaction of business will be 3 members.

Frequency of Meetings:

The Committee is to meet a minimum of 3 times per year and additionally as required in order to:

- Review reports from the Responsible Officer
- Receive reports from the External Auditor
- Review the Strategic Risk Register
- Review and approve statements to be included in the Trust's annual reports concerning internal control, risk management and the viability statement.

Notice of Meetings:

Meetings will be called by the Clerk and dates set in the Federation annual governance cycle. Extraordinary meetings may be called with a minimum of 5 days' notice.

Minutes:

The Clerk shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance. Draft Minutes will be circulated for approval by committee members within 3 weeks of meetings. The Chair will report on proceedings to the Board.

Duties:

Members of the Committee are to be guided by the Nolan Principles of Public Life¹ and statutory requirements in the conduct of their duties. The Committee has a duty to report any matters of significance or concern to the Board of Directors or make recommendations for improvement where shortcomings exist in a timely manner and by the most appropriate channel. Specifically, the Committee is to:

Review the effectiveness of financial reporting and other control systems

- i. Ensure effective corporate governance arrangements are in place including the Code of Practice for Governing Body members and the Code of Conduct for Senior Staff.
- ii. Monitor internal control systems to ensure they are being operated correctly and effectively.
- iii. Monitor the effectiveness of the internal and external audit services, including implementation of recommendations, and promote co-ordination between the two.
- iv. Ensure all significant losses have been properly investigated and reported as appropriate.
- v. Examine arrangements to secure value for money alongside the annual Value for Money statement.

¹ Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty & Leadership.

Advise the Board of Directors on management of Risk

- vi. Maintain and evaluate the Trust's central strategic risk register.
- vii. Review risk management reporting and processes.
- viii. Advise the Board of Directors in setting risk appetite and culture.
- ix. Monitor effectiveness of risk mitigation measures.
- x. Advise the Board of Directors of any need for independent, 3rd Party review.

Oversee activities of the Responsible Officer

- xi. Advise the Board of Directors on the appointment of a Responsible Officer and the scope of their work.
- xii. Set the scope of work to be carried out by the Responsible Officer and the frequency/timing of audits and reports.
- xiii. Receive and review the Responsible Officer's Reports on behalf of the Board of Directors.
- xiv. Agree management responses across the Responsible Officer and Finance & Operations Committee.
- xv. Ensure that agreed actions in response to management reports have been taken.
- xvi. Report key findings to the Board of Directors.

Oversee the External Audit process

- xvii. Advise the Board of Directors on the appointment of an external auditor, with particular consideration of independence and objectivity, and the scope of their work.
- xviii. Set the nature and scope of the external audit.
- xix. Receive and review the external auditor's Management Letter on behalf of the Board of Directors.
- xx. Report key findings to the Board of Directors and provide assurance that appropriate responses to the Management Letter have been implemented.

Ensure adequate arrangements exist for whistleblowing & fraud detection

- xxi. Ensure the arrangements allow proportionate and independent investigation and appropriate follow-up action.
- xxii. Ensure robust processes are in place for detecting fraud
- xxiii. Ensure robust processes are in place for the prevention of bribery.

Board of Directors

Signed by:  _____

7th December 2019.

Muralee Nair - Chair of Board

