



Mercia
Learning Trust

Finance, Risk and Audit Committee

Terms of Reference

Autumn 2022

FINANCE, RISK AND AUDIT (F, R & A) COMMITTEE TERMS OF REFERENCE

1. Responsibilities

- To maintain an oversight of the Multi Academy Trust (MAT) financial, governance, risk management and internal control systems.
- To report its findings termly and annually to the Trust Board and the Accounting Officer as a critical element of the MAT annual reporting requirements.
- The F, R & A Committee has no executive powers or operational responsibilities/duties.

2. Authority

- The F, R & Audit Committee is a Committee of the Academy Trust Board and is authorised to investigate any activity within its terms of reference or specifically delegated to it by the Board.
- The Committee is authorised 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 Accounting Officer and/or the Trust Board.

3. Composition

- The membership of the Committee will comprise a minimum of 3 trustees.
- Employees of the trust should not be audit and risk committee members, but the accounting officer and chief financial officer should attend to provide information and participate in discussion.
- Because we have an annual income below £50m we have decided to amalgamate the Finance and Risk & Audit functions into one committee. The chair of the board of the academy trust shall not serve as chair of the F, R & A committee.
- Until otherwise determined by the board of trustees, a quorum shall consist of 2 members of the committee.
- At least one member of the F, R & A committee should have recent or relevant accountancy, or audit assurance, experience.
- Staff employed by the trust may be invited to attend the committee to provide information and participate in discussions but should not be members of the committee.
- Any trustee may attend a meeting of the F, R & A committee, including those who are not members of the committee.

4. Reporting

- The Committee will:
 - report back to the Trust Board regularly every term.
 - provide an annual summary report provided by the internal scrutineer / auditor and areas reviewed by internal scrutiny / audit covering key findings, recommendations and conclusions

5. Terms of Reference

The Committee will:

- advise the board on the effectiveness and resources of the external/internal auditors or scrutineers to provide a basis for the reappointment, dismissal, retendering or remuneration. Considerations may include:
 - the auditors/scrutineer's 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/scrutineer 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 trust's managers
 - the auditor's/scrutineer's use of technology
- ensure there is co-ordination between internal audit and external audit and any other review bodies that are relevant.
- consider the reports of the auditors/scrutineers and, when appropriate, advise the Trust Board of material control issues.
- 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 Board of Trustees
- provide minutes of all Committee meetings for review at board meetings

External Audit

- review the external auditor's plan each year.
- review the annual report and accounts.
- review the auditor's findings and actions taken by the trust's SLT in response to those findings.
- produce an annual report of the committee's conclusions to advise the board of trustees and members.

Internal Scrutiny

- take delegated responsibility on behalf of the board of trustees 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 Academy Trust Handbook.
- conduct a regular review of the risk register.
- agree an annual schedule of internal scrutiny / audit, which is objective and independent, covering systems, controls, transactions, and risks.
- advise the trustees on the adequacy and effectiveness of the trust's systems of internal control, governance, and risk management processes,
- consider the appropriateness of executive action following internal audit/internal scrutiny reviews and to advise the board on any additional or alternative steps to be taken.
- oversee the annual review of the trust risk register.