

# **Ormiston Academies Trust (OAT)**

## **Audit Committee**

### **Terms of Reference**

**Reviewed and approved by the Board 19 July 2018**

#### **1. OBJECTIVE**

The objective of the committee is to assist the board in meeting its responsibilities in relation to all OAT academies for financial reporting, and internal and external auditing.

#### **2. CONSTITUTION**

- 2.1 The committee shall have terms of reference and powers as the board shall decide and shall act in accordance with any legislation, regulation or direction issued by relevant regulators The Department of Education, Education Skills & Funding Agency, Ofsted, Charity Commission and HMRC.
- 2.2 The Audit committee of the board shall be comprised of a minimum of three members and maximum of 6 members appointed by the board (in consultation with the Chair of the Audit Committee,) a majority of which shall be Trustees.
- 2.3 At least one member of the Committee shall have recent financial reporting and corporate reporting experience.
- 2.4 The Chair of the Board nor the Chief executive shall be members of the Committee.
- 2.5 The committee members shall be appointed by resolution of the board. Each member shall continue as a member until a successor is appointed, unless the member resigns, or is removed by resolution of the board or otherwise ceases to be a member of the board.
- 2.6 Where a vacancy occurs at any time in the membership of the committee, it may be filled by the board, and shall be filled by the

board if the membership of the committee is less than three members as a result of the vacancy.

- 2.7 The board, or in event of its failure to do so, the committee, shall appoint a Chair from among the committee members. If the Chair of the committee is not present at any meeting of the committee, the Chair of the meeting shall be chosen by the committee from among the members present.
- 2.8 The CEO can attend by invitation only and will be non-voting.
- 2.9 No more than two other individuals shall be co-opted to the committee, by the board but who shall not have voting rights. Such advisory members may serve for a period determined by the board and at the end of that term the board can extend the appointment.
- 2.10 The committee may invite any person to be present at a meeting for any reason or who are specifically determined by the Board. In addition to those listed in 2.6 above, these for the time being are the National Director of Finance, the Head of Academy Finances and Head of Finance. All such people will be non-voting.
- 2.11 The committee will meet as and when required, but at least two times a year, and at such other times as the Trust Secretary convenes at the request of a Committee member and shall report directly to a meeting of the board.
- 2.12 The quorum for a meeting is a minimum of two of the appointed committee members.
- 2.13 The committee is authorised by the board to investigate any activity within its terms of reference, to seek any information it requires from any employee and engage any professional advisors in the proper discharging of its duties within the agreed budget for the financial year.
- 2.14 The Chair presiding at any meeting of the committee shall have a vote in all matters considered by the committee. In the event of a tie the motion is defeated.
- 2.15 The committee shall make recommendations or decisions as required for the fulfilment of the board's mandate and those specific responsibilities and duties delegated to the committee.

### **3 COMMITTEE GOVERNANCE**

- 3.1 The committee will receive an agenda and papers at least one week before the meeting unless it is an emergency meeting when shorter notice shall be given providing all committee members are involved in setting the date.
- 3.2 Minutes of all meetings shall be prepared and circulated within 10 working days of the meeting.
- 3.3 Committee members can be present at a meeting via telecommunication.
- 3.4 Committee meetings will be held at times and locations convenient to the members, always considering value for money.
- 3.5 Committee meetings shall whenever possible be held at least two weeks before board meetings, noting this may be difficult due to the timescales in respect of the review and approval of the annual financial statements.

### **4.0 DUTIES AND RESPONSIBILITIES**

#### **4.1 Audit:**

- 4.1.1 Review and recommend to the board for approval, the annual audited financial statements including the trustees' report of Ormiston Academies Trust Limited and its directly or indirectly wholly owned subsidiaries (if any) focusing particularly on:
  - Any changes in accounting policies and practices
  - Areas involving a significant degree of judgement
  - Significant adjustments resulting from the audit
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with legal requirements
  - The clarity of disclosures
  - The consistency of accounting policies from year to year
- 4.1.2 Review the findings of the external auditor on the annual financial statements including audit judgements made. Recommend for approval by the board before submission to the Education & Skills Funding Agency.

- 4.1.3 Recommend to the board the appointment of external auditors and the terms of engagement.
- 4.1.4 Recommend to the board the appointment of internal auditors and the terms of engagement.
- 4.1.5 To agree all internal and external audit plans.
- 4.1.6 To meet with the lead partners on both external and internal audit at least annually, without senior management present.
- 4.1.7 Review the results of the reports of the internal and external auditor with respect to the state of the internal control systems and then report to the board on all external and internal audits including any key recommendations and control weaknesses.
- 4.1.8 Monitor the implementation of the recommendations of external and internal auditors by the Executive.
- 4.1.9 The Committee shall also scrutinise and review relevant policies for subsequent approval by the Trust Board.
- 4.1.10 The Committee shall liaise with the group auditors and Ormiston Trust (as parent charity) as required.
- 4.1.11 The Committee shall evaluate its performance regularly, including any recommendations for the terms of reference, membership and training needs. This evaluation shall be reported to the board.