



MOWBRAY
Education Trust

Terms of Reference - Audit & Finance Committee

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1. Membership

Members of the committee are appointed by the Board, on the recommendation of the Chair and Vice Chair in consultation with the Chair of the audit committee. The committee is made up of at least three members.

All members of the committee should be Trustees, at least one of who should have recent and relevant financial experience. The chair of the board and employees of the Trust may not be a member of the committee.

Only members of the committee have the right to attend committee meetings and vote. However, other individuals such as the Chair of the board, the Chief Executive, the Chief Operating Officer, other Trustees and external financial advisors may be invited to attend all or part of any meetings as and when appropriate.

The external auditors are invited to attend at least one meeting each year.

Appointments to the committee are for a period of up to three years, which may be extended for two further four-year periods, provided the Trustee remains independent.

The board appoints the committee Chair, who is an independent (not a governor of a Local Governing Body (LGB) or Trustee of a partner academy) Trustee. In the absence of the committee Chair and/or an appointed deputy, the remaining members present elect one of themselves to chair the meeting.

2. Clerk

The clerk to the Trust or their nominee acts as the clerk of the committee.

3. Quorum

The quorum necessary for the transaction of business is three.

4. Frequency of meetings

The committee meets four times a year at appropriate times in the reporting and audit cycle and otherwise as required.

5. Notice of meetings

Meetings of the committee are convened by the chair of the committee at the request of any of its members, or at the request of any of those individuals referred to above, or external auditors if they consider it necessary.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, is forwarded to each member of the Committee and any other person attending, no later than five working days before the date of the meeting. Supporting papers are sent to committee members and to others as appropriate, at the same time or as soon as practicable thereafter.

6. Minutes of meetings

The clerk minutes the proceedings and resolutions of all meetings of the committee and records the names of those present.

The clerk ascertains, at the beginning of each meeting, the existence of any conflicts of interest and minutes them accordingly.

Minutes of committee meetings are circulated promptly to all members of the committee and, once agreed, to all members of the board. This process should be expedited using email and achieved within ten working days.

7. Annual general meeting

The Chair of the committee attends the annual general meeting prepared to respond to any stakeholder questions on the committee's activities.

8. Duties

The committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

It should ensure compliance with the provisions of the Articles of Association and the Funding Agreements and ensure compliance with the Academies Financial handbook.

9. Financial reporting

The committee monitors the integrity of the financial statements of the company, including its annual and interim reports and any other formal announcement relating to its financial performance, reviewing any significant financial reporting issues and judgements that they contain. The committee also reviews summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price-sensitive nature.

The committee reviews and challenges where necessary:

- the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the trust;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the company has followed appropriate accounting standards and make appropriate estimates and judgements, taking into account the views of the external auditor;
- the clarity of disclosure in the company's financial reports and the context in which statements are made;
- the treatment of any items in the financial statements that differs from the views of the company's external auditor;
- the going concern assumption; and
- all material information presented with the financial statements, such as the business review and the corporate governance statement (insofar as it relates to audit and risk management).

10. Internal controls and risk management systems

The committee:

- keeps under review the effectiveness of the company's internal controls and risk management systems and;
- reviews and approves the statements to be included in the annual report concerning internal controls and risk management.

11. Whistle- blowing

The committee reviews the company's arrangements for its employees to raise concerns, in confidence, about possible wrong doing in financial reporting or other matters. The committee ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

12. Internal audit

The committee:

- Monitors and reviews the effectiveness of the Trust's group review and audit in the context of the company's overall risk management system maintaining a risk register and develop appropriate risk management strategies.
- Approves the appointment and removal of the internal and external auditors.
- Considers and approves the remit of group review and audit and ensures it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The committee also ensures group review and audit has adequate standing and is free from management or other restrictions.
- Reviews and assesses the annual internal audit plan.
- Reviews promptly all reports on the company from the internal auditors.
- Reviews and monitors management's responsiveness to the findings and recommendations of group review and audit.
- Meets the head of audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of audit has the right of direct access to the Chair of the board and to the committee.

13. External audit

The committee:

- Considers and makes recommendations to the board in relation to the appointment, re-appointment and removal of the company's external auditor.
- Oversees the selection process for new auditors; and if an auditor resigns, investigates the issues leading to this and decides whether any action is required.
- Oversees the relationship with the external auditor, including (but not limited to):
 - i. approval of its remuneration, whether fees for audit or non-audit services, ensuring that the level of fees is appropriate to enable an adequate audit to be conducted;

- ii. approval of its terms of engagement, including any engagement letter issued at the start of each audit, and the scope of the audit;
 - iii. assessing annually its independence and objectivity, taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - iv. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business);
 - v. monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company compared with the overall fee income of the firm, office and partner, and other related requirements;
 - vi. assessing annually the auditor's qualifications, expertise and resources, and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal procedures ; and
 - vii. developing and implementing a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.
- Meets regularly with the external auditor, including once at the planning stages before the audit and once after the audit at the reporting stage, (The committee also meets the external auditor at least once a year, without management being present, to discuss its remit and any issues arising from the audit).
 - Reviews and approves the annual audit plan and ensures that it is consistent with the scope of the audit engagement.
 - Reviews the findings of the audit with the external auditor. This shall include but no be limited to, the following:
 - i. any major issues that arose during the audit;
 - ii. any accounting and audit judgements;
 - iii. levels of errors identified during audit; and
 - iv. the treatment of any item in the financial statements that differs from the views of the external auditors.
 - Reviews any representation letter(s) requested by the external auditor before they are signed by management.

- Reviews the management letter and management's response to the auditor's findings and recommendations.
- Reviews the effectiveness of the audit.

14. Reporting responsibilities

The committee Chair reports formally to the board on its proceedings after each meeting. The committee makes whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

15. Other matters

The committee:

- has access to sufficient resources in order to carry out its duties, including access to the clerk to the trust for assistance as required;
- is provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- gives due consideration to laws and regulations and the provisions of the UK Corporate Governance Code;
- is responsible for co-ordination of group review and audit and external auditors;
- oversees any investigation of activities that are within its terms of reference and acts as a court of the last resort; and
- at least once a year, reviews its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommends any changes it considers necessary to the board for approval.

16. Joint ventures and associated companies

Where the group has investments in joint ventures or associated companies that do not confer control, the committee reviews, so far as practicable, the arrangements relating to the duties described above.

17. Authority

The committee is authorised:

- to seek any information it requires from any employee of the company in order to perform its duties;
- to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- to call any employee to be questioned at a meeting of the committee as and when required.