
Derby Diocesan Academy Trust (Company No. 08980079) ("DDAT") and Derby Diocesan Academy Trust 2 (Company No. 09442311) ("DDAT2")¹

Audit and Risk Committee Terms of Reference

1. Purpose

- 1.1. The purpose of the Audit and Risk Committee is to advise the Board on the adequacy of the Trust's internal control framework, including financial and non-financial controls and risk management arrangements, to direct a programme of internal scrutiny and to consider the results and quality of external audit ([Academy Trust Handbook](#), section 1.24).

2. Authority

- 2.1. The Committee is a committee of the 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, supplier, contractor, 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. Membership

- 3.1. Membership shall comprise a minimum of three Trustees, at least one of whom shall have recent and relevant financial, accounting or audit assurance experience. Additionally, the Board may co-opt up to two persons to the Committee who are not Trustees.
- 3.2. The Chair of the Audit and Risk Committee will be appointed annually by the Board and will not normally be a member of any other committee. The Committee will not normally appoint a Vice-Chair.
- 3.3. Membership and terms of reference will be reviewed annually by the Board of Trustees. The Committee shall undertake an annual review of these terms of reference and recommend to the Trust Board for approval any changes needed.
- 3.4. The Chair of the Board and the Chief Executive Officer cannot be members of the Audit and Risk Committee, though they may be invited to attend meetings of the Committee at the Chair's discretion. Trust staff shall not be eligible for membership.
- 3.5. The Accounting Officer, Chief Financial Officer and Chief Operating Officer should attend to provide information and participate in discussions.
- 3.6. An appropriate representative of the internal auditors and external auditors should attend to provide information and participate in discussions.
- 3.7. The Committee Chair should attend the Annual General Meeting of the Trusts Members to answer any questions on the Committee's activities. In addition, the Committee Chair should seek engagement with other key stakeholders on significant matters related to the committee's areas of responsibility.

¹ the companies are also referred to as "Trusts" or each a "Trust".

4. Meetings

- 4.1. The Audit and Risk Committee will meet as necessary and at least three times a year. The Chair or any two members may call a meeting.
- 4.2. The agenda for meetings will be agreed in advance by the Chair of the Audit and Risk Committee and papers will be circulated at least seven clear days in advance of the meeting.
- 4.3. If the Chair is absent from a meeting, the members shall choose another member, who is also a Trustee of the Board, to act as Chair for that meeting.
- 4.4. All meetings will be minuted and reports given at every future full Trust Board meeting.
- 4.5. Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Trust's governance, including the Board Chair, the Accounting Officer, the Chief Financial Officer, the Chief Operating Officer, the external audit lead and the internal auditor.

5. Quorum

- 5.1. The Committee will require a quorum of two Trustees who are members of the Committee.
- 5.2. Where there is an equal division of votes, the Chair of the meeting shall have a casting vote in addition to any other vote they may have.

6. Duties

The duties of the Audit and Risk Committee are:

6.1. Risk Management

- a) Support development and review of the Trust's risk management policy, setting out the framework the Trust has adopted for risk management and recommending it to the Board for approval.
- b) Ensure that risks are being addressed appropriately through monitoring of the maintenance of the Risk Register.
- c) Evaluate the adequacy of the Trust's internal control framework, including financial and non-financial controls and management of risks and report this to the Trust Board.
- d) Conduct oversight of the financial and non-financial controls and risks at all of the Trust's schools.
- e) Conduct oversight of all information submitted to DfE and ESFA that affects funding, including pupil number returns and funding claims (for both revenue and capital grants) completed by the Trust and by constituent academies, to ensure it is accurate and in compliance with funding criteria.
- f) Seek assurance that the risks identified are those which may occur, for example, operational risk, financial risk, compliance risk, regulatory and legal risk, major accident.
- g) Review the ratings and responses on the risk register to inform contingency and business continuity planning and the programme of work, ensuring risks and control measures are adequately identified and modified as appropriate
- h) Provide reports for each full Trust Board meeting, highlighting emerging risks or significant anomalies at the earliest opportunity.
- i) Review and advise the Board on the Trust's ongoing participation in, and the continued suitability of, the Risk Protection Arrangement (RPA) as a viable alternative to maintaining the Trust's own commercial insurance provision.

- j) Monitor the efficacy of the Trust's whistleblowing procedures and review any identified risks arising from the conclusion of a whistleblowing investigation. Direct scrutiny and the engagement of internal or external audit, as appropriate.

6.2. Internal audit/scrutiny

- a) Oversee and approve the Trust's programme of internal audit.
- b) Assess whether procedures are designed effectively and efficiently, and check whether agreed procedures have been followed.
- c) Agree a programme of work annually to deliver internal scrutiny that provides coverage across the year, including the persons who will be responsible for carrying out the programme.
- d) Consider reports at each meeting from those carrying out the programme of internal scrutiny and receive an annual summary report for each year ended 31st August outlining the areas reviewed, key findings, recommendations and conclusions, to help the committee consider actions and assess year on year progress.
- e) Consider progress in addressing recommendations arising from the internal scrutiny programme and address any deficiencies in the progress.

6.3. External audit

- a) Review the external auditor's plan each year.
- b) Review the annual report and accounts.
- c) Review the auditor's findings and actions taken by the Trust's managers in response to those findings.
- d) Review findings from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations.
- e) Assess the effectiveness and resources of the external auditor (refer to [section 4.17](#) of Academy Trust Handbook or Appendix 1). Produce an annual report of the committee's conclusions on the above assessment to advise the Board of trustees and members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration
- f) Recommend to members the appointment of an external auditor (in accordance with the Trust's articles of association).
- g) Receive the external auditors' annual plan, annual report, and accounts and recommend appropriate actions to the Trust Board in response to the findings.

<p>Approved by DDAT Board on:</p> <p>Signed:</p>	<p>16th October 2023</p> <p>Signed by:</p> <p><i>Sarah Charles</i> Chair of the Board</p> <p>F81C2294DC434F9...</p>
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7. Appendix 1 – Academy Trust Handbook extract

External audit oversight and findings – the audit and risk committee

- 4.16 The audit process can support Trusts by identifying areas that may require improvement. The Board of trustees, taking advice from the audit and risk committee, must ensure there is an appropriate, reasonable and timely response by the Trust's management team to findings by external auditors, taking opportunities to strengthen systems of financial management and control.
- 4.17 Specifically the audit and risk committee must:
- 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 managers in response to those findings
 - Assess the effectiveness and resources of the external auditor to provide a basis for decisions by the Trust's members about the auditor's reappointment or dismissal or retendering. Considerations may include:
 - the auditor'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 comments and recommendations in relation to key areas
 - the personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the Trust's managers
 - the auditor's use of technology
 - Produce an annual report of the committee's conclusions to advise the Board of trustees and members, including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration.