
**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. To maintain an oversight of the Trust's financial, governance, risk management and internal control systems.
- 1.2. To report findings regularly and annually to the Trust Board and the Accounting Officer as a critical element of the Trust's annual reporting requirements.

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. General

- a) Advise the Board on the effectiveness and resources of the external/internal auditors or scrutineers to provide a basis for their reappointment, dismissal, retendering, or remuneration. Considerations may include:
 - the 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 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 scrutineer's use of technology
- b) Ensure there is co-ordination between internal scrutiny and external audit and any other review bodies that are relevant.
- c) Consider the reports of the scrutineers and, when appropriate, advise the Trust Board of material control issues.
- d) 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.
- e) Provide minutes of all Audit and Risk Committee meetings for review at Board meetings.

6.2. 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) 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.
- f) 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
- g) Provide reports for each full Trust Board meeting, highlighting emerging risks or significant anomalies at the earliest opportunity.
- h) 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.
- i) Monitor and agree the Trust's whistleblowing procedures, conducting a biennial annual review of policy and advising the Board on the effectiveness of both. Review any identified risks arising from the conclusion of a whistleblowing investigation. Direct scrutiny and the engagement of internal or external audit, as appropriate.

6.3. Internal scrutiny

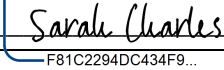
- a) Take delegated responsibility on behalf of the Board of Trustees for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the Trust is complying with the overall requirements for internal scrutiny, as specified in the Academy Trust Handbook (ATH).
- b) Conduct a regular review of the Risk Register.
- c) Review/agree an annual programme of internal scrutiny, which is objective and independent, covering systems, controls, transactions, and risks.
- d) Advise the Trustees on the adequacy and effectiveness of the Trust's systems of internal control, governance, and risk management processes.
- e) Review the scrutineer's findings and actions taken by the Trust's SLT in response to those findings.
- f) Consider the appropriateness of executive action following internal scrutiny reviews and to advise the Board on any additional or alternative steps to be taken.
- g) Oversee the annual review of the Trust's Risk Register.
- h) Undertake the annual review of the effectiveness of the internal scrutineer and decide whether to reappoint the internal scrutineer.

6.4. 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) Undertake the annual review of the effectiveness of the external auditor and recommend to the members whether to reappoint the external auditor.
- f) Produce an annual report of the Committee’s conclusions to advise the Board of Trustees and Members.

6.5. Other responsibilities

- a) Consider appropriate actions following any serious incidents, including fraud, which are reportable to the Education and Skills Funding Agency (ESFA) or would have a major financial or reputational risk to the Trust
- b) Ensure that all significant losses have been properly notified and investigated as required by the ATH.
- c) Undertake regular reviews of the committee’s effectiveness including benchmarking against best practice.

Approved by DDAT Board on:	18th July 2024
Effective Date:	1st September 2024.
Signed:	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; border-radius: 50%; padding: 2px; margin-right: 10px;"> <small>Signed by:</small>  </div> <div> <small>Chair of the Board</small> </div> </div>

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