

TERMS OF REFERENCE (TOR)

Audit & Risk Assurance Committee Terms of Reference (V6, Sep 2025)

1. Introduction

Under the Corporate Governance Code in Central Government, Boards are tasked with setting the organisation's risk appetite and ensuring that a framework of governance, risk management and control is in place to manage risk within this. The Audit and Risk Assurance Committee (ARAC) plays a crucial role in supporting the Board to meet these obligations.

The ARAC will support the Board and Accounting Officer by reviewing and advising on the comprehensiveness and reliability of assurances on governance; risk management; the control environment and the integrity of financial statements and the financial report.

2. Committee Membership

Membership will comprise of a minimum of three Trustees, excluding employees, with the Committee empowered to co-opt members for a period of time (not exceeding a year, and with the approval of the Board) to provide specialist skills, knowledge and experience at a particular time and procure specialist advice on an ad-hoc basis to support them in relation to particular pieces of committee business.

The Committee should have a good understanding of the objectives and priorities of the Trust and possess the requisite knowledge and skills to effectively engage with and challenge it, as follows:

- Governance, Risk and Control
- Qualified accountant or have relevant auditing or risk experience within the membership.
- Knowledge or experience of the organisation and its educational operating environment.

The Membership and Chair of the committee will be confirmed each year by the board. The Chair of the board should not Chair this committee.

It is also expected that the Accounting Officer, Finance Director, Head of Internal Audit, Head of Governance and External Audit representative will also be regularly invited. The ARAC may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.

Governance Professional to the Committee will also be appointed.

3. Authority

The ARAC is a Committee of the Board and is authorised to undertake any activity within its terms of reference or specifically delegated to it by the Board.

The ARAC has the authority to require any member of the Trust to report on the management of risk or control environment within their areas of responsibility.

The ARAC has no executive powers or operational responsibilities/duties other than those delegated in the Scheme of Delegation or TOR.

4. Meetings

The ARAC will meet at least three times per year. The Chair of the ARAC may convene additional meetings, as they deem necessary.

The meeting will be considered quorate with two members present.

The meetings may be held in person or by tele or video conference and individual members may join a physical meeting remotely via tele or video conference and be regarded as present at the meeting.

Notices of meetings shall contain information relating to venue, time, date and agenda.

Papers to meetings shall be circulated at least one week before the date of the meeting.

The ARAC may ask any or all of those who normally attend but who are not members to withdraw to facilitate open discussion of particular matters.

The Board or the Accounting Officer may ask the ARAC to convene further meetings to discuss particular issues on which they want the Committee's advice.

Decisions of the Committee shall be taken by resolution and recorded in the minutes. Where a consensus cannot be agreed, the Chair may request a vote on a show of hands, in which case each committee member shall have one vote. Where there is an equal division of votes, the Chair of the committee shall have a second or casting vote.

5. Decisions Outside of Meetings

Decisions may, at times, be required outside of meetings. In such circumstances trustees can vote via e-mail through the Governance Professional/Clerk.

Where there is an equal division of votes, the Chair of the committee shall have a second or casting vote.

The Governance Professional will keep a record of e-mail responses to the decision. At the next committee meeting the decision will be formally ratified, and recorded in the minutes.

6. Responsibilities

The ARAC will advise the Board and Accounting Officer on the following work:

- Assess the strategic processes for risk management, internal control and governance. Oversee all risks classed as trust strategic risks
- Review the Annual Report of the Trust including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors [*nb. financial governance will be the responsibility of the Finance Committee*]
- Devise internal scrutiny programmes, ensuring arrangements are in line with ATH requirements, and a programme of activities (e.g. over a multi-year period).
- Plan the activity and present results of both internal and external audits to the board
- Assess the adequacy of management response to the issues identified by audit activity, including external audit's management letter
- Offer assurances relating to the management of risk and corporate governance requirements for the organisation
- Provide (where appropriate) proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services
- Assess anti-fraud policies, whistleblowing processes, and arrangements for special investigations
- Periodically review its own effectiveness and report the results of that to the Board, including how it has discharged its responsibilities.
- Assess suitability of the trust's Emergency Plan and adequacy of scenario testing.
- Oversight of the effectiveness of the complaints process
- Oversight of data protection procedures.
- Receipt of H&S and other investigation reports.

7. Access

The Head of internal audit and the representative of external audit will have free and confidential access to the Chair of the ARAC.

8. Advice and Guidance

Advise the board on the effectiveness of risk management across the trust including risk management carried out by other board committees, the auditing programme, business continuity and data protection

9. Reporting Procedures

Minutes and a verbal update on ARAC's work will be presented to the board after each meeting.

The ARAC will provide the Board and Accounting Officer with a report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year and the significant issues that the audit committee considered relating to the financial statements, and how these issues were addressed.

10. Review of Terms of Reference

The Terms of Reference for the Committee and Committee effectiveness will be reviewed annually by the Board and this will include a review of membership of the Committee.