

## Terms of Reference Internal Audit and Risk Committee 20/21

### Purpose

The Faringdon Learning Trust (FLT) Internal Audit and Risk Committee (IARC) is a formal committee of the FLT Board with a remit to review and constructively challenge the adequacy of internal controls and risk management processes. It will review the effectiveness of the operation of FLT Process Owners' systems and of FLT's systems, and will provide FLT Board with an annual assessment of their internal control. This committee is required by the Academies Financial Handbook, and guidance is provided by the ESFA which can be found [here](#)

### Membership

The requirement for the membership is a minimum of 4 and a maximum of 6 members. The current membership of IARC is:

- a. External Independent Member – (Chair) Alex Peal (Chair)
- b. External Independent Member – David Farquhar
- c. External Independent Member – Andy Robinson
- d. External Independent Member – Richard Morin
- e. External Independent Member – Karen Bruschi

The Chair of the Board and Chair of the Trust's Resources Committee shall not be eligible to be members of IARC.

### In Attendance

- f. Independent Reviewer – Sarah Chambers
- g. Clerk – To be confirmed
- h. Chief Operations Officer - Anne Lynn (By Invitation)

### Reporting

The IARC will formally report its outcomes to the FLT Board after each meeting (Records of Decisions). The IARC Chair will provide the FLT Board with an Annual Report, timed to support finalisation of the accounts and the Annual Assurance Statement, summarising its conclusions from the work it has done during the year.

### Responsibilities

The IARC will:

1. review the ratings and responses on the risk register to inform the programme of work, ensuring checks are modified as appropriate each year
2. agree who will perform the work
3. consider reports at each meeting from those carrying out the programme of work

4. consider progress in addressing recommendations
5. consider outputs from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations
6. have access to the external auditor as well as those carrying out internal scrutiny, and consider their quality

### Scope

The IARC may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience. The IARC is to scrutinise effective control of risk and delivery of statutory and legal obligations placed upon FLT through assessment of internal controls. The IARC is to provide advice where further work is required to satisfy the FLT Board that necessary assurance mechanisms are in place. The IARC is an advisory body with no executive powers. However it is authorised by the Board to:

- a. investigate anything that threatens or adversely affects the accomplishment of the Academy's aims and objectives, its assets, the reliability of all records and information, and its compliance with all relevant laws, regulations, policies and its governing instruments;
- b. seek any information it requires from the independent reviewer, the external auditor, Governors, Committees and Academy employees; and
- c. obtain appropriate external legal and other professional advice in order to fulfil its responsibility to the Board.

### Internal Scrutiny

Internal scrutiny directed by IARC identify on a risk-basis (with reference to the Trust's risk register) the areas it will review each year, modifying its checks accordingly. For example, this may involve greater scrutiny where procedures or systems have changed. Internal scrutiny must focus on:

1. evaluating the suitability of, and level of compliance with, financial and non-financial controls. This includes assessing whether procedures are designed effectively and efficiently, and checking whether agreed procedures have been followed
2. offering advice and insight to the board on how to address weaknesses in financial and non-financial controls, acting as a catalyst for improvement, but without diluting management's responsibility for day to day running of the trust
3. ensuring all categories of risk are being adequately identified, reported and managed.

It should also have regard to recommendations from the Trust's external auditors as described in their management letter, and from relevant reviews undertaken by ESFA.

The IARC must also:

1. direct the trust's programme of internal scrutiny
2. ensure that risks are being addressed appropriately through internal scrutiny
3. report to the board on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks.

Internal scrutiny conducted by an independent, objective, suitably qualified and experienced person must:

1. be independent and objective –it must not be performed by the trust's own accounting officer, chief financial officer or other members of the finance team
2. be covered by a scheme of work, driven and agreed by the IARC, and informed by risk
3. be timely, with the programme of work spread appropriately over the year so higher risk areas are reviewed in good time
4. include regular updates to the IARC by the person or organisation carrying out the programme of work, incorporating:
  - a. a report of the work to each IARC meeting, including recommendations where appropriate to enhance financial and non-financial controls and risk management
  - b. an annual summary report to the IARC for each year ended 31 August outlining the areas reviewed, key findings, recommendations and conclusions, to help the committee consider actions and assess year on year progress. Any reports must also be made available to Trustees.

## Meetings

1. The IARC will meet at least three times a year. The Chair of the IARC may convene additional meetings, as they deem necessary.
2. A minimum of 3 members of the IARC will be present for the meeting to be deemed quorate.
3. The IARC may ask any other member of the organisation to attend to assist it with its discussions on any particular matter.
4. The IARC may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.
5. The FLT Board may ask the IARC to convene further meetings to discuss particular issues on which they want the Committee's advice.
6. The IARC may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.

## Information Requirements

The IARC will be provided with:

1. Independent Reviewer Reports
2. FLT Risk Register
3. FLT Strategic Plan
4. FLT Scheme of Delegation

## Standing agenda

1. Declaration of conflicts of interest
2. Introduction
3. Matters arising from last meeting
4. Full assessment of Auditors Report
5. Review process of mitigation of risk
6. Any Other Business
7. Date of next meeting

## Additional agenda items at Autumn term.

1. Consider Annual Report
2. Decide on Audits for current academic year

Approved by the Board: