



The Olympus Academy Trust Governance Framework Appendix J Terms of Reference – Audit & Risk Committee

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Amendment History

Version	Amendment Date	Author	Amendment Summary
2	18 December 2012	EO	<ul style="list-style-type: none"> Effective 1 January 2013. Approved by Board
3	24 March 2013	EM	<ul style="list-style-type: none"> Amended wording to include H&S. Approved by Board.
4	10 December 2014	EM	<ul style="list-style-type: none"> Reviewed, no amendments, fit for purpose. Approved by Board.
5	9 December 2015	KSt	<ul style="list-style-type: none"> Revised section 2.1 to say that representation from every academy in the Trust is no longer mandatory. Approved by Board
6	14 December 2016	Clerk	<ul style="list-style-type: none"> Changes references from directors to trustees. Approved by Board
7	18 October 2017	A&RC	<ul style="list-style-type: none"> No changes. Approved by Board
8	1 February 2020	PDa	<ul style="list-style-type: none"> Change references from LGB to SIC. Other minor updates. Approved by Board

1 Overall Purpose

- 1.1 To monitor and assess the internal controls of the Olympus Academy Trust [“the Trust”] to ensure that the organisation as a whole is operating at appropriate levels of risk and in compliance with the Code of Audit Practice.
- 1.2 To take responsibility for internal and external audit matters, and to oversee the work programme and performance quality of the internal and external audit services.
- 1.3 To support the Board of Trustees in ensuring that a framework is established and maintained for the identification and management of risk.
- 1.4 To support the Board of Trustees in providing an added level of scrutiny in the monitoring of internal and external audit matters, risk management, fraud prevention and detection, and internal controls.
- 1.5 To keep the Board of Trustees regularly informed of the committee’s activities and key decisions.

2. Composition

- 2.1 A minimum of five committee members including:
 - A majority of Trustees.
 - Representation from School Improvement Committees within the Trust.
- 2.2 In appointing the membership the Board of Trustees will ensure that the committee has the right balance of skills, knowledge and experience overall to fulfil its remit.
- 2.3 The membership will be subject to a selection process overseen by the Company Secretary and subject to the approval and annual review of the Board of Trustees.
- 2.4 The chair will be a Trustee and will be appointed as committee chair by the Board of Trustees, taking into account the required skills and experiences required for the position and the balance of chairing responsibilities within the Trust. The chair of the committee will not sit on any other committee in order to maintain a clear separation of roles. The chair of the committee will not be the chair of the Board of Trustees.
- 2.5 The committee will be supported by the Company Secretary, but the Head of Business Operations will normally be the lead member of staff in attendance. The committee may meet with the internal or external auditors without the presence of the executive.

3. Frequency of meetings

- 3.1 The committee will normally meet 6 times a year, scheduled to enable recommendations to be referred to the Board of Trustees and/or School Improvement Committees with minimum delay.
- 3.2 Additional ad hoc meetings may be arranged to deal with identified significant issues or to cope with increased workload.

4. Quorum

- 4.1 The quorum shall be three committee members, and the majority of those present must be Trustees.

5. Core Functions

5.1 General

- (i) Agreeing all audit, fraud, and risk management policies and keeping them under review.
- (ii) Ensuring co-operation and co-ordination between the internal and external auditors.
- (iii) Investigating any activity within its terms of reference and if necessary obtaining external legal or other independent professional advice (and being authorised to request the financial resources to do so) to enable it to properly conduct its business.

5.2 Internal Controls

- (i) Ensuring that all policies and procedures comprehensively cover all necessary controls to permit the Trust to be managed efficiently and effectively at an appropriate level of risk.
- (ii) Ensuring, and reporting to the Board of Trustees, that there is a sufficient, systematic review of internal control arrangements of the Trust including individual academies, both operational (relating to effectiveness, efficiency and economy) and financial reporting controls to ensure probity and to employ reasonable measures to prevent errors.
- (iii) Monitoring the correction of weaknesses in control, reporting the action that is needed to the Board of Trustees.
- (iv) At the meeting, receiving the external auditor's final management letter, submitting to the Board of Trustees an annual report of the effectiveness of the Trust's internal control environment, enabling the Board of Trustees to complete its annual statement of internal control.

5.3 External Audit

- (i) Agreeing the external audit plan each year and advising the Board of Trustees on the performance of the external auditors.
- (ii) Overseeing a regular process of review and renewal of the external audit contract; establishing a process of tendering for the service, and recommending a suitable appointment to the Board of Trustees.
- (iii) Recommending to the Board of Trustees the fee to be paid to the external auditor, within approved budget.
- (iv) Advising the Board of Trustees on its recommendation of the appointment of external auditors to be made to the Trust's Members at the Trust's AGM.
- (v) Undertaking such detailed discussion as may be necessary with the external auditors on the draft annual accounts and the underlying accounting policies of the Trust and reporting back to the Board of Trustees with recommendations.
- (vi) Reviewing the audited annual financial statements before recommendation to the Board of Trustees for approval and presentation to the Trust's Members at the AGM.
- (vii) Reviewing the external auditor's management letters, agreeing the management response, and submitting them to the Board of Trustees for consideration and approval and presentation to the Trust's Members at the AGM.

5.4 Internal Audit

- (i) Ensuring that the Trust has appropriate internal audit arrangements and approving the scope and/or limitations of such arrangements.
- (ii) Overseeing a regular process of review and renewal of the internal audit contract; establishing a process of tendering for the service, and recommending a suitable appointment to the Board of Trustees.
- (iii) Recommending to the Board of Trustees the fees to be paid to the internal auditor.
- (iv) Annually assessing the risks to the Trust and subsequently reviewing and agreeing the three year and annual programme of internal audit work.
- (v) Receiving reports of progress against this plan and agreeing any revisions to it.
- (vi) Receiving internal audit reports and management action plans and monitoring the ongoing completion of actions at each meeting ensuring that they are addressed in line with the committee's agreed priorities.

5.5 Fraud

- (i) To receive reports from management on all cases of fraud, attempted fraud or other irregularities, and to consider whether appropriate action has been taken and that internal controls are satisfactory.
- (ii) Ensuring that a fraud register is maintained and reviewed.
- (iii) Notifying the Board of Trustees and the relevant School Improvement Committee (if appropriate), and if necessary to notify regulators in line with regulatory guidance, of any incidence of fraudulent activity of which the committee becomes aware.

5.6 Risk Management

- (i) Developing and recommending to the Board of Trustees the Trust's risk management strategy.
- (ii) Agreeing a framework for the production of the Trust's risk maps and policies and procedures, ensuring that key risks are identified and monitored, that appropriate controls are in place, and action is being taken to offset or manage them.
- (iii) Conducting twice yearly reviews of all strategic risks to the Trust and all high operational level risks.
- (iv) Ensuring that risk awareness is included in the annual governance development programme and that the session is open to all Trustees, Governors, committee members and senior staff across the Trust.

5.7 Health & Safety

- (i) Developing and recommending to the Board of Trustees the Trust's strategy for health and safety and its statutory health and safety policy.
- (ii) Establishing and monitoring the implementation of the Trust's health and safety framework.
- (iii) Ensuring that the Trust is meeting its statutory obligations concerning health and safety.
- (iv) Nominating a member of the committee to be the health and safety champion for the Trust who will play an active advisory role to support the executive management team in their leadership of staff health and safety forums; ensuring that the processes designed to support trustees in discharging their health and safety duties are robust and implemented effectively.