



Transforming Lives

EDUCATIONAL TRUST

**Audit & Risk
Committee (ARC)
Terms of Reference**

December 2021

Version Control

Category:	Terms of Reference	
Authorised By:	TLET Trust Board	
Author:	S. Jardine	
Version	1	
Status:	Under Review:	
	Approved:	✓
	Adopted:	✓
Issue Date:	December 2021	
Next Review Date:	December 2022	
Statutory Document:	Yes	
	No	✓

Contents

Section	Page
1. Introduction	5
2. Context	5
3. Purpose	5
4. Scope and Remit	5
5. Composition	6
6. Rights	7
7. Other Matters	7
8. Term of Office	7
9. Governance Professional	8
10. Quorum	8

11. Reporting and Responsibilities	<u>8</u>
12. Frequency and Conduct of Meetings	<u>8</u>
13. Attendance at Meetings	<u>8</u>
14. Notice of Meetings	<u>9</u>
15. Minutes of Meetings	<u>9</u>
16. Monitoring	<u>9</u>

1 – Introduction

- 1.1 Transforming Lives Educational Trust (the “Trust”) is a charitable company limited by guarantee, (company number 07515832) and is an exempt charity. For the purpose of company law, the Trustees of Transforming Lives Educational Trust are Directors of the charitable company.
- 1.2 The Trust is formally recognised by the Secretary of State for Education as a Multi-Academy Trust in accordance with the [Academies Act 2010](#) and through the contractual instrument of the [Transforming Lives Educational Trust Master Funding Agreement](#).
- 1.3 The Terms of Reference as set out below are general in content and form part of a suite of documents adopted by the Transforming Lives Educational Trust (TLET) as the governance framework for the oversight and management of TLET’s community of academies. The principal aims are to:
 - Ensure clarity of vision, ethos and strategic direction;
 - Hold executive leaders to account for the educational performance of the organisation and its pupils, and the effective and efficient performance management of staff;
 - Oversee the financial performance of the organisation and make sure its money is well spent.
- 1.4 The Terms of Reference as set out here must be read in conjunction with the Trusts’ governance framework documents. These includes the Trust’s internal documentation and pertinent external publications. For a list of Related Documents, see **p. 9**.

2 – Context

- 2.1 The Trust Board has established an Audit and Risk Committee (ARC) to support it and the Executive in their responsibilities for ensuring the adequacy of risk management, internal control, governance arrangements and the efficient and effective use of public funds.
- 2.2 The ARC is a subcommittee of the Trust Board.

3 – Purpose

- 3.1 The ARC will review the comprehensiveness of assurances for the Trust Board and Executive and review the reliability and integrity of those assurances.

4 – Scope and Remit

- 4.1 The ARC will maintain a rolling forward agenda of about one year which will be reported to the Trust Board on a regular basis.
- 4.2 The ARC’s role is to support the Trust Board and Accounting Officer in monitoring the adequacy of the organisation’s corporate governance and control systems through:
 - offering objective advice on issues concerning the risk, control and governance of the organisation and associated assurances provided by internal and external audit and other processes;
 - constructively challenging, where and when appropriate, executive decisions to ensure that these are the best possible and achieve value for money in the light of the available evidence.
- 4.3 The ARC will review and advise the Trust Board and the Accounting Officer on the following matters:
 - the annual report and governance statement;
 - the adequacy of the organisation’s assurance processes and how governance arrangements support achievement of organisational strategy and objectives;
 - upholding standards of propriety in the Trust’s business;

- achievement of value for money;
- the plans for internal and external audit, including assessing priorities and promotion of understanding of the role of audit within the Trust;
- the results of internal and external audit work, including individual audits, progress, remedial actions and annual reports, and management letters;
- the adequacy of management responses to issues raised by internal and external audit; and implementation of internal audit recommendations and timescales;
- the processes for assessing, reporting, mitigating and owning business risks and their financial implications, including the capability of the organisation's internal reporting system to provide early warning of control failures and emerging risks;
- the adequacy of the Trust's assurance arrangements relating to the management of risk and Trust governance, including discussion with the external auditor regarding the nature and scope of forthcoming audits;
- the adequacy of systems of quality assurance for the Trust's core activities;
- the appointment of internal auditors;
- the Trust's policies for whistleblowing, cyber and information security;
- the performance of internal and external audit services;
- the requirements for, and the process for, the appointment of the external auditor.

4.4 Considerations for the Audit and Risk Committee in respect of the organisation's annual report and accounts:

- that the accounting policies in place are appropriate and comply with relevant requirements, particularly the [Charities Statement of Recommended Practice](#) (SORP) and [ESFA's Accounts Direction](#);
- that there has been a robust process in preparing the accounts and annual report;
- whether the accounts and annual report have been subjected to sufficient review by management and by the Accounting Officer before they are reviewed and approved by the Trust Board;
- that when new or novel accounting treatments arise, whether appropriate advice on accounting treatment has been taken;
- whether there is an appropriate anti-fraud policy in place, and whether losses are suitably recorded;
- whether suitable processes are in place to ensure accurate financial records are kept;
- whether suitable processes are in place to ensure regularity and propriety are achieved;
- whether issues raised by the external auditors have been given appropriate attention;
- review the external auditor's annual management letter.

4.5 The ARC should satisfy itself that the annual financial statements represent fairly the financial position of the Trust. Before the Accounting Officer signs off the Letter of Representation, the ARC should review it and give particular attention to non-standard issues of representation.

5 – Composition

5.1 The ARC will have a maximum of 7 and no fewer than 3 Trustees as members. The Chair of the Trust Board will not be a member of the Committee. The Chair of the Trust Board may however attend meetings on the invitation of the Chair of ARC.

5.2 The Chair of the ARC will be elected annually by the Trust Board from any of its members except the Chair.

5.3 All ARC members will be non-executive and appointed to the ARC by the Trust Board, on the recommendation of the Chair of the Trust Board. At least one ARC member shall have recent and relevant financial or risk management experience. The Trust Board may also appoint or co-opt one or more

independent external non-voting members. The members/attendees of the ARC may recommend such appointments to the Trust Board.

- 5.4 All appointments shall be made with due regard to the need to understand the Trust's objectives, structure and culture, and other legislative and accountability contexts within which it operates. ARC members should collectively possess knowledge and skills in accounting, risk management, audit, financial governance and technical issues relevant to the business and strategic management of the Trust.
- 5.5 Members should declare conflicts of interest not previously notified.

6 – Rights

- 6.1 The ARC shall be entitled to:
- sufficient resources to carry out its duties, including access to the Trust's governance and business resources;
 - appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
 - procure specialist ad-hoc advice at the expense of the Trust, subject to confirmation from the Trust Board that funds are available;
 - seek any information it requires in order to perform its duties from any employee of the Trust;
 - call any employee to be questioned at a meeting of the ARC as and when required;
 - publish in the Trust's annual report details of any issues that cannot be resolved between the ARC and the Trust Board;
- 6.2 Representative of the external audit will have free and confidential access to the Chair of the ARC.

7 – Other Matters

- 7.1 The Chair of the ARC shall meet periodically with the Accounting Officer and external audit representative outside of the formal ARC meetings. The Chair of ARC shall also meet routinely with the Chair of the Trust Board.
- 7.2 The ARC shall arrange for periodic reviews of its own performance, including periodic self-assessment and external independent review, and annually review its constitution and Terms of Reference to ensure that it is operating at maximum effectiveness, recommending any changes it considers necessary to the Trust Board for approval.
- 7.3 All ARC members are expected to undertake an appropriate programme, facilitated by the CEO, of engagement within the Trust and its activities to help them understand its objectives, business needs, priorities and risks.
- 7.4 The Trust Board will ratify the role and Terms of Reference of the ARC at the start of each academic year and ensure alignment with the Trust's wider systems of governance.

8 – Term of Office

- 8.1 The term of office for ARC members will be for a period of 3 years, extendable for up to a maximum of a further 3 years at the discretion of the Trust Board. ARC members who are members of the Trust Board may stand down with the consent of the Trust Board and their service will discontinue if they no longer serve as members of the Trust Board.
- 8.2 When the term of the Chair of the ARC is due to expire, a managed transition process will be followed.

9 – Governance Professional

- 9.1 The Chair of the Trust Board shall ensure a governance professional (clerk) is available to service ARC meetings.
- 9.2 The clerk shall not be a Trustee.

10 – Quorum

- 10.1 A duly convened meeting of the ARC at which more than 50% of voting members is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the ARC. If the meeting is not quorate, any matter decided by the ARC will only be a recommendation and must be ratified by the Trust Board.
- 10.2 The Chair of the Trust Board may nominate alternative Trust Board delegates if one or two members of the ARC cannot attend a meeting.
- 10.3 When matters are decided by the ARC through a vote, the Chair shall have a casting vote in the event of an equal division of votes.

11 – Reporting and Responsibilities

- 11.1 The ARC Chair will formally report to the Trust Board after each meeting. This will usually be done by submitting a copy of the draft minutes with the Chair highlighting any significant matters which the ARC considers relevant to draw to the Trust Board's attention.
- 11.2 The ARC Chair will provide an annual report to the Trust Board, timed to support the preparation of the annual governance statement, summarising its conclusions from the work it has done during the year.

12 – Frequency and Conduct of Meetings

- 12.1 The ARC will meet as often as is necessary to fulfil its responsibilities but at least three times a year, once in each of the Autumn, Spring and Summer terms.
- 12.2 Meetings shall normally be face-to-face. However, if circumstance dictates, meetings can be facilitated via video conferencing.
- 12.3 All meetings will be chaired by the Chair of the ARC. In the absence of the Chair the remaining members present shall elect one of their number to chair the meeting.
- 12.4 The ARC may ask any or all of those who normally attend but who are not members to withdraw from the discussion of particular matters to facilitate open and frank discussion.
- 12.5 There should be one meeting a year where the ARC meets the auditors without the Chair of the Trust Board or officers of the Trust present.

13 – Attendance at Meetings

- 13.1 ARC meetings will normally be attended in a non-voting capacity, by the:
- Chief Executive Officer;
 - Chief Financial Officer.
- 13.2 Trustees shall attend ARC meetings at a level of attendance so as to ensure proper business practice and continuity.
- 13.3 Sustained irregular attendance of two consecutive absences and/or three within a year will prompt an attendance review with the Chair, which could result in termination of the Trustee's membership of the

ARC.

- 13.4 Members of the ARC may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.
- 13.5 A register of attendance shall be kept for each ARC meeting and published annually.

14 – Notice of Meetings

- 14.1 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the items to be discussed and any relevant papers shall be sent to the ARC and all other persons required to attend, no later than five working days before the date of the meeting.
- 14.2 In addition to its scheduled meetings, further meetings of the ARC may be called by the clerk at the request of the Trust Board or of the Chair of the ARC.

15 – Minutes of Meetings

- 15.1 The governance professional (clerk) will arrange for a record of the proceedings and decisions of each meeting to be made, including the names of those present and in attendance and any declarations of conflict of interest.
- 15.2 Draft minutes of the meetings shall be sent to the Chair of the ARC for approval and then circulated to members of the ARC and any attendees within twenty working days of the meeting taking place.
- 15.3 The minutes are ratified and marked as a true and accurate record by the ARC at its subsequent meeting.
- 15.4 Electronic copies of approved minutes shall be filed by the clerk on the TLET shared Google Drive under the specific ARC folder.
- 15.5 Paper copies of approved minutes shall be filed by the clerk at an agreed location at the TLET Central Offices.

16 – Monitoring of Terms of Reference

- 16.1 The Trust Board will review these Terms of Reference to ensure that they remain fit for purpose and support the working practice of the Trust, subject to regulatory change requirements, every year. Any changes shall be approved by the Trust Board.

Related Documents

[TLET Articles of Association](#)

[TLET System of Governance and Working Practices](#)

[TLET Scheme of Delegated Authority](#)

[TLET Master Funding Agreement](#)

[TLET Declaration of Pecuniary and Personal Interests](#)

TLET Strategic Plan

[Charities Statement of Recommended Practice](#)

[The ESFA Academy Trust Handbook](#) (updated annually)

[ESFA's Accounts Direction](#);

[The DfE Guidance: Multi-academy Trust Resources](#) (periodically updated).

[The Ofsted Education Inspection Framework](#)

[The DfE Governance Handbook](#) – an essential resource for governors and Trustees outlining roles and responsibilities for those governing. It also details the legal duties of the governing board of all state schools in England.