Four Hills Education Trust

Where Every Step is Shaped with **CARE**

AUDIT & RISK COMMITTEE TERMS OF REFERENCE

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1. Constitution

1.1 The Board of Trustees ("the Board") of Four Hills Education Trust ("the Trust") has established an Audit & Risk Committee ("the Committee") to advise the Board on matters relating to audit arrangements, internal controls, risk management, governance, and value for money, in accordance with the Trust's Scheme of Delegation (SoD Sections 6.4, 14, and Appendix A).

1.2 The Committee is responsible to the Board and operates within the powers delegated by the Board (SoD Section 6.5, 14.6).

1.3 These Terms of Reference are adopted by the Board and may only be amended with Board approval (SoD Section 6.5).

The Committee will operate in accordance with the requirements of the Academy Trust Handbook and the Academies Accounts Direction, ensuring all statutory audit and reporting obligations are met.

2. Authority

2.1 The Committee is authorised to investigate any activity within its terms of reference or specifically delegated to it by the Board. It is authorised to request any information it requires from any Trustee, governor, employee, external auditor, internal auditor, or other assurance provider (SoD Section 14.6).

2.2 The Committee is authorised to obtain outside legal or independent professional advice as necessary, normally in consultation with the Accounting Officer (CEO) and/or Chair of the Board (SoD Section 14.7).

3. Main Duties

The Committee's remit is to advise the Board and Accounting Officer (the CEO) regarding the adequacy and effectiveness of the Trust's internal controls, risk management, governance, and value for money systems and frameworks. The Committee also advises the Board regarding the appointment of auditors and the planned audit approach, as well as considering reports from the internal and external auditors and other bodies and ensuring that actions are taken where required.

Specifically, the Committee will:

3.1 Advise the Board and Accounting Officer on the adequacy and effectiveness of the Trust's governance, risk management, internal control, and value for money systems and frameworks (SoD 14.1–14.3).

3.2 Produce an annual report to the Board in respect of the above.

3.3 Advise the Board on the appointment, re-appointment, dismissal, and remuneration of the external auditor (SoD 14.4).

3.4 Advise the Board on the need for and, where appropriate, the appointment, re-appointment, dismissal, and remuneration of an internal auditor or other assurance provider.

3.5 Advise the Board on an appropriate programme of work to be delivered by independent assurance providers, derived from the Committee's review of key risks, the assurance framework in place, and its duty to report to the Board (SoD 14.3–14.4).

3.6 Ensure that where a full internal audit service is commissioned, the service provider complies with the standards set by the Chartered Institute of Internal Auditors and conforms to the Public Sector Internal Audit Standards.

3.7 Review the external auditor's annual planning document and approve the planned audit approach.

3.8 Receive reports (assignment reports, annual reports, management letters, etc.) from the external auditor, internal auditor, and other bodies (e.g., DFE) and consider any issues raised, the associated management response, and action plans. Where deemed appropriate, reports should be referred to the Board or other committee for information or action (SoD 14.4).

3.9 Regularly monitor outstanding audit recommendations and progress from whatever source and ensure any delays in respect of agreed implementation dates are reasonable.

3.10 Establish and monitor KPIs with regard to the performance of the external auditor, internal auditor, or other assurance provider.

3.11 Review the Trust's fraud response plan and ensure that all allegations of fraud or irregularity are managed and investigated appropriately (SoD 14.5).

3.12 Consider any additional services delivered by the external auditor, internal auditor, or other assurance provider and ensure appropriate independence is maintained.

3.13 Ensure appropriate co-operation and co-ordination of the work of the external auditor and internal auditor.

3.14 Meet with the external auditor and internal auditor or other assurance provider without management present, when required, either at their request or the request of the Committee.

3.15 Receive reports regarding compliance with the Trust's assurance frameworks and statutory requirements (including but not limited to safeguarding, GDPR, and data protection), and consider actions to be taken or planned (SoD 14.6, 13.6).

3.16 Ensure that controls are in place regarding the United Kingdom General Data Protection Regulations (UK GDPR) and that compliance is monitored across the Trust (SoD 14.2, 14.6).

3.17 Receive reports at least once a year relating to any Community Interest Companies established by the Trust and any Trust subsidiaries, and consider actions to be taken or planned (SoD 13.6, 14.6). If none exist, this item will be noted as "not applicable."

3.18 Monitor policies in relation to Data Protection, Freedom of Information, IT and Data Security and Storage, Whistleblowing, Anti-fraud/Anti-Bribery, the Fraud Response Plan,

and related matters, and agree changes as necessary, having the authority to approve them on behalf of the Board (SoD 13.3, 14.6).

3.19 Consider outputs from other assurance activities by third parties, including DFE financial management and governance reviews, funding audits, and investigations (SoD 14.4, 14.6).

3.20 The Committee will ensure that all serious incidents and whistleblowing concerns are managed in accordance with Trust policy and statutory guidance, and that all reportable incidents are notified to the DfE, ESFA, Charity Commission, or other regulators as required.

4. Internal Scrutiny and Annual Reporting

The Committee will oversee the Trust's internal scrutiny programme, ensuring it provides independent and objective assurance to the Board on the effectiveness of risk management, control, and governance processes, as required by the Academy Trust Handbook. The Committee will review the annual internal scrutiny report and ensure it is submitted to the Board and, where required, to the DfE in accordance with the Academies Accounts Direction.

5. Administration

5.1 The Committee will meet at least once per term. The Chair or any two members may call an additional meeting (SoD 6.3.2).

5.2 The Committee will consist of at least three Trustees, appointed annually. Additionally, up to two external associate members with particular expertise may also be appointed who are not members of the Board. At least one of the members should have relevant financial or audit experience (SoD 6.3.2).

5.3 The Chair of the Audit and Risk Committee must not be the same person as the Chair of the Board. The Chair of the Board may serve as a member of the Committee, provided they do not chair it. The CEO cannot be a member of the Committee, though both may be invited to attend meetings at the Committee Chair's discretion.

5.4 The Chair of the Committee will be appointed by the Board and will not normally be a Chair of any other committee. If the Chair is absent from a meeting, the members shall choose another member, who is also a Trustee, to act as Chair for that meeting.

5.5 Staff employed by the Trust should not be members of the Committee.

5.6 The Committee will be quorate if at least two members (or at least one third if greater) of those members eligible to vote are present. In addition, at least 50% of those members present are required to be Trustees (as opposed to associate members).

5.7 The Chief Finance Officer and other members of the Trust's staff may be invited to attend but will have no voting rights. The Accounting Officer (CEO) may also be invited to attend meetings, in order to provide information and participate in discussions.

5.8 Administrative support will be provided by the Governance Professional or their Deputy.

5.9 The agenda for meetings will be agreed in advance by the Chair of the Committee (based on, but not limited to, a pre-agreed annual schedule of activity) and papers will be circulated to members and attendees at least five working days in advance of the meeting.

5.10 Minutes of meetings will be taken and will be submitted to the next scheduled meeting of the Board, once approved in draft by the Chair of the Committee.

5.11 Decisions made at meetings of the Committee shall be determined by a majority of votes of eligible members present and voting. Where there is an equal division of votes, the Chair shall have a second or casting vote.

5.12 The Committee will self-assess its performance against these Terms of Reference on an annual basis and will also review the Terms of Reference, submitting any proposed changes to the Board for approval.

5.13 The members of the Committee shall hold office from the date of their appointment until their resignation or their omission from membership of the Committee on subsequent consideration by the Board (whichever shall happen first).

5.14 The Board must not add to these Terms of Reference any responsibilities that require the Committee to adopt an executive role, or its members to offer professional advice to the Board. The Committee should seek formal professional opinions from the internal audit service, financial statements auditor, or other professional advisers to the Board. Advice should only be given in Committee members' capacity as Trustees and associate members and only within their terms of reference.

5.15 The Committee will review its effectiveness annually, including consideration of an external review at least every three years, in line with DfE best practice. Outcomes and any recommendations for improvement will be reported to the Board.

If a member of the Committee withdraws from the meeting due to a conflict (or potential conflict) of interests, the meeting must still be quorate in order for a vote to be conducted.

6. Reporting to the Board

The Committee will provide a written summary of key findings, recommendations, and actions to the Board after each meeting. An annual report on the effectiveness of internal controls, risk management, and the internal scrutiny programme will be submitted to the Board for review and approval.

7. Link to Scheme of Delegation

These Terms of Reference must be read in conjunction with the **Four Hills Education Trust Scheme of Delegation** (latest version), which sets out the legal and procedural framework for all delegated authority, committee operation, and escalation protocols (SoD Sections 6, 13, 14, and Appendices).