



Minerva
Learning Trust

Risk and Audit

Terms of Reference

Version Number	1
Issue Date	1 September 2020
Last Approved	September 2023
Review Date	September 2024
Cycle	Annual

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1. Constitution

- 1.1 The Board of Trustees of Minerva Learning Trust (the Trust Board) hereby resolves to establish a committee of the Trust Board to be known as the Risk and Audit Committee (the Committee). Its constitution and terms of reference shall be as set out below, subject to amendment at future Board of Trustee meetings. The Committee shall not have executive powers in addition to those delegated in these terms of reference.
- 1.2 Trustees recognise the overriding principles of the Academy Trust Handbook (the ATH) and that the Committee should be established in such a way as to achieve internal scrutiny which delivers objective and independent assurance for the Trust. In establishing the Committee, the Trustees will adhere to the principles of the ATH.
- 1.3 Staff members of the Committee will not participate as members when audit matters are discussed but may remain in attendance to provide information and participate in discussions.

2. Authority

- 2.1 The Committee is authorised by the Board of Trustees to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to co-operate with any request made by the Committee.
- 2.2 The Committee is authorised by the Board of Trustees to obtain outside legal or other independent professional advice. The Committee is authorised by the Board of Trustees to request the attendance of individuals from outside the Trust with relevant experience and expertise if it considers this necessary to the carrying out its functions.
- 2.3 The Committee shall have primary responsibility for monitoring and reviewing risks and associated controls, corporate governance and financial assurance.
- 2.4 The Board of Trustees is responsible for ensuring effective internal control including:
 - 2.4.1 Management of the Trust's activities in accordance with statute and regulations.
 - 2.4.2 The establishment and maintenance of a system of internal control to give reasonable assurance that assets are safeguarded, waste or inefficiency avoided, and reliable financial information produced, and that value for money is continuously sought.

2.4.3 The Risk and Audit Committee shall provide the Board of Trustees with a means of independent and objective review of financial and corporate governance, assurance processes and risk management across the whole of the Trust's activities. In addition, the Committee shall:

- Champion and promote highly effective risk management and ensure that the risk management process and culture are embedded throughout the Trust;
- Maximise safety through effective and integrated control systems;
- Improve the standard of decision making on risk management throughout the Trust;
- Provide assurance of independence for external and internal audit;
- Ensure that appropriate standards are set and compliance with them is monitored in all areas that fall within the remit of the Committee;
- Monitor corporate governance (i.e. compliance with terms of reference, constitution, codes of conduct and maintenance of register of interests).

3. Membership

- 3.1 The Committee shall be composed of not less than three Trustees, at least one of whom should have recent and relevant financial experience.
- 3.2 The Board of Trustees will appoint one of the members Chair of the Committee. If the Chair is not present at a meeting the members shall elect a Chair from among themselves.
- 3.3 The Chair of the Trust shall not be a member of the Committee but can be invited to attend, and as a minimum will be invited to attend where the financial accounts are presented for consideration prior to approval by the Members each year.
- 3.4 A quorum shall be two members.

4. Attendance

- 4.1 The Chief Finance and Operations Officer, Finance Director and Company Secretary will routinely attend meetings of the Committee. Any member of the Executive Team may attend at their discretion or, where the agenda requires presentation at the meeting.
- 4.2 A representative of the external auditors, internal audit will be required to attend meetings of the Committee scheduled to deal with their business in the agreed annual cycle.
- 4.3 The Company Secretary will attend the meeting to provide appropriate advice and support to the Chair of the Committee and committee members on governance and legal related matters. The duties of the Company Secretary in this regard include, but are not limited to:
 - 4.3.1 Agreement of the agenda with the Chair of the Committee and the Chief Finance and Operations Officer and attendees together with the collation of connected papers.
 - 4.3.2 Ensuring that accurate minutes are taken and a record of matters arising and issues to be carried forward kept.
- 4.4 The Chief Executive Officer should be invited to attend, at least annually, to discuss with the Committee the process for assurance that supports the Annual Governance Statement.
- 4.5 Trustees and/or staff and Executives shall be invited to attend those meetings in which the Committee will consider areas of risk or operation that are their responsibility.
- 4.6 The Trust Chairperson may be invited to attend meetings of the Committee as required.

5. Proceedings and Frequency of Meetings

- 5.1 The Committee will meet as often as is necessary to fulfil its responsibilities and should hold a minimum of three meetings per year.
- 5.2 The external auditor and the internal auditor will have the opportunity to attend at least once per year.
- 5.3 The quorum of the transaction of the business of the Committee shall be two, and no vote on any matter shall be taken at a meeting of the Committee unless the majority of members of the Committee present are Directors.

6. Duties

6.1 Governance, Risk Management and Internal Control

- 6.1.1 The Committee shall review the adequacy of the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the Trust's activities that is fit for purpose, adequately resourced, effectively deployed and supports the Trust's objectives.
- 6.1.2 To review and assess the strategic direction for managing risk and implement a framework to ensure risk and governance issues are managed effectively throughout the Trust.
- 6.1.3 To maintain an oversight of the Trust's general risk management structures, processes and responsibilities, including the production and issue of any risk and control related disclosure statements.
- 6.1.4 To review the adequacy of the policies and procedures in respect of all anti-fraud work through:
- Annual review and approval of the Anti-Fraud, Corruption and Bribery Policy, operational plans and more detailed programme of work, ensuring that this is consistent with the Board Assurance Framework;
 - To consider the major findings of fraud investigations and management's responses to their implications and monitor progress on the implementations of recommendations.
- 6.1.5 To review the adequacy of the Trust's whistleblowing arrangements by which staff and other individuals where relevant, may raise, in confidence, concerns about possible improprieties in matters of: financial reporting and control; student and staff safety or any other matters of concern. The Committee shall receive its assurance that appropriate arrangements are in place from Trust data reporting system.
- 6.1.6 To review the adequacy of underlying assurance processes in line with the Academy Trust Handbook.
- 6.1.7 To oversee a system to review the adequacy of policies and procedures for ensuring compliance with relevant regulatory, legal and code of conduct requirements. This will involve the Committee itself considering for approval on behalf of the Trust Board specified trust policies and procedures that are delegated and fall within the scope of the Committee's terms of reference. Elsewise receive assurance from the Executive around the implementation of a robust process for the review and approval of policies.

6.1.8 In carrying out this work the Committee will primarily utilise the work of internal audit, external audit and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from the executive and other managers as appropriate, concentrating on the overarching systems of governance, risk management and internal control, together with indicators of their effectiveness.

In addition, the Committee will seek assurances from the Executive to guide its work to ensure that there are systems and processes in place to minimise risks to trust stakeholders through the application of a comprehensive risk management system. This will include without limitation the following specific tasks:

6.1.9 Reviewing the process to ensure an effective Risk Management Strategy is in place to deliver compliance with statutory responsibilities and considering the strategy prior to its presentation to the Board of Trustees for approval.

6.1.10 Overseeing the management of risks and related risk treatments as detailed within these terms of reference. Where appropriate, the Committee will also consider and add other concerns and risks identified by Local Governing Bodies to the Trust risk register.

6.1.11 Reviewing the high-level risks on the Trust risk register (risks identified as Red), specifically considering the impact of these high scoring risks on the ongoing development and success of the Trust.

6.1.12 Ensuring that all risks are escalated in line with the Trust's Risk Management Strategy, receiving assurance, through exception-based reporting, that areas of risk within the Trust are regularly monitored and that effective disaster recovery plans are in place.

6.1.13 Advising the Board of Trustees on any significant issues regarding quality, risk or compliance issues.

6.1.14 Seeking assurance that effective disaster recovery / business continuity plans are in place.

6.2 Internal Audit

6.2.1 Internal audit primarily provides an independent and objective opinion to the Accounting Officer, the Board of Trustees and the Committee on the degree to which risk management, control and governance support the achievement of the Trust's agreed objectives.

6.2.2 To review and approve the internal audit programme of work, receive recommendations and ensure that the plan is consistent with the audit needs.

6.2.3 To oversee on an ongoing basis the effective operation of internal audit in respect of:

- Adequate resourcing
- Its co-ordination with external audit
- Meeting mandatory requirements of the Academy Trust Handbook.
- Providing adequate independent assurances.
- Having appropriate standing within the Trust
- Meeting the internal audit needs of the Trust.

6.2.4 To consider the major findings of internal audit investigations and management's response and their implications and monitor progress on the implementation of recommendations.

6.2.5 To receive and review the annual report of the Internal Auditor and agree action in response to this, receive the Internal Audit statement on the effectiveness of internal control.

6.2 Review every three years the provision of internal audit services and its reporting systems. Where a change in provider is appropriate oversee the selection process.

6.3 External Audit

6.3.1 To make a recommendation to the Members in respect of the appointment, re-appointment and removal of an external auditor following agreement with the Trust Board. Where the recommendation is not adopted by the Members, this shall be included in the Annual Report, along with the reasons that the recommendation was not adopted.

6.3.2 To discuss with the external audit, before the audit commences, the nature and scope of the audit, and ensure co-ordination.

6.3.3 To assess the external auditor's performance and fees on an annual basis in accordance with the Trust's specification for an external audit service and, based on this assessment, make a recommendation to the Members with respect to the re-appointment or removal of the auditor. This assessment should include the review and monitoring of the external auditor's independence and objectivity and effectiveness of the audit process in light of relevant professional and regulatory standards.

6.3.4 To oversee the re-appointment or conduct of a market testing exercise for the appointment of an auditor at least once every three years and, based on the outcome, make a recommendation to the Members with respect to the appointment of the auditor.

6.3.5 To review external audit reports before submission to the Members including the agreement of the annual audit letter and any work carried outside the annual audit plan, together with the appropriateness of management response, and to monitor progress on the implementation of recommendations.

6.3.6 To consider the provision of the external audit service, the cost of the audit and any questions of resignation and dismissal.

6.4 Annual Accounts Review / Financial Reporting

6.4.2 To monitor the integrity of the financial statements of the Trust and any other financial performance information, reviewing significant financial reporting issues and judgements which they contain.

6.4.3 To review summary financial statements, significant financial returns to regulators and any financial information contained in other official documents, including the statement on internal control.

6.4.4 To review the annual statutory accounts, before they are presented to the Members, to determine their completeness, objectivity, integrity and accuracy. This review will cover but is not limited to:

- The meaning and significance of the figures, notes and significant changes;
- Areas where judgement has been exercised;
- Adherence to accounting policies and practices;
- Explanation of estimates or provisions having material effect;
- Any adjusted and unadjusted audit differences;
- Any reservations and disagreements between the external auditors and management which have not been satisfactorily resolved.

6.4.5 To review the annual report and annual governance statement before they are submitted to the Members to determine completeness, objectivity, integrity and accuracy.

6.4.6 To ensure that all accounting and reporting systems for financial reporting to the Board of Trustees, including in respect of budgetary control, are subject to review as to the completeness and accuracy of the information provided.

6.5 Financial policies, procedures and standards of business conduct

6.5.1 To review on behalf of the Board of Trustees the operation of and proposed changes to financial policy and procedure and standards of business conduct; including maintenance of registers.

6.5.2 To approve authorisation levels for write-off of debts.

6.5.3 To also ensure that any other matters specifically delegated to are complied with as appropriate. Examples of this role might include: reviewing unusual transactions (as defined in the ATH) approving the use of single source tenders, reviewing schedules detailing changes to banking arrangements.

6.5.4 To review the financial delegations of the overarching finance policy.

7. Reporting

7.1 The minutes of all meetings of the Committee shall be formally recorded and submitted, together with recommendations where appropriate, to the Board of Trustees. The submission to the Board of Trustees shall include details of any matters in respect of which actions or improvements are needed. This will include details of any evidence of potentially ultra vires (acting outside of delegated powers), otherwise unlawful or improper transactions, acts, omissions or practices or any other important matters. To the extent that such matters arise, the Chair of the Committee shall present details to a meeting of the Board of Trustees in addition to the submission of the minutes.

7.2 The Committee will report annually to the Board of Trustees in respect of the fulfilment of its function in connection with these terms of reference. Such a report shall include but not be limited to functions undertaken in connection with the Annual Governance Statement, specifically commenting on the fitness of internal scrutiny procedures; the effectiveness of risk management in the Trust; and any pertinent matters in respect of which the Committee has been engaged.

7.3 The Committee shall report to the Trust Board on any matters which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

7.4 The Trust's Annual Report shall include a section describing the work of the Committee in discharging its responsibilities.

8. Review

8.1 The Committee will undertake and evidence an annual review of its performance against its annual work and training plans, in order to evaluate the achievement its effectiveness, the fulfilment of its functions in connection with these terms of reference and achievement of its duties and shall report thereon to the Board of Trustees.

8.2 The terms of reference of the Committee shall be reviewed and refreshed by the Board of Trustees at least annually.