



# **AUDIT COMMITTEE**

## **TERMS OF REFERENCE**

<b>FINAL Version 12Aug 15</b>
<b>Date for Revision – Aug 16</b>

## **1. Authority**

- 1.1 The Audit Committee is a Committee of Peterborough Diocese Education Trust's ("PDET") Board of Directors ("the Board") and 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 employee, external audit, internal audit or other assurance provider.

## **2. Membership**

- 2.1 The Audit Committee will consist of at least three PDET Directors.
- 2.2 Additionally, up to two external co-opted members may also be appointed.
- 2.3 The Accounting Officer, Business Director and other members of PDET staff may be invited to attend, but will have no voting rights.
- 2.4 PDET's Chair of Directors cannot be a member of the Audit Committee.
- 2.5 The Audit Committee will be quorate if at least 50% of members are present and at least 50% of those members are PDET Directors.
- 2.6 The Chair of the Committee will be a non executive Director of PDET and shall have a casting vote.

## **3. Role**

- 3.1 The role of the Audit Committee is to maintain an oversight of PDET's governance, risk management, internal control and value for money framework. It will report its findings annually to the Board and the Accounting Officer as a critical element of PDET's annual reporting requirements.
- 3.2 The Audit Committee has no executive powers or operational responsibilities / duties.

## **4. Duties**

- 4.1 The duties of the Audit Committee will include:

- 4.1.1 responsibility for monitoring the adequacy and effectiveness of PDET's systems of internal control (including review of the statement of internal control) and its arrangements for risk management, control and governance processes and for securing economy, efficiency and effectiveness (value for money).

- 4.1.2 advising the Board on the appointment, re-appointment, dismissal and remuneration of the financial statements auditor and the internal audit service.
- 4.1.3 advising the Board on the scope and objectives of the work of the internal audit service and the financial statements auditor.
- 4.1.4 ensuring effective co-ordination between the internal audit service and the financial statements auditor
- 4.1.5 considering and advising the Board on the audit strategy and annual internal audit plans for the internal audit service.
- 4.1.6 advising the Board on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor, and management's responses to these.
- 4.1.7 monitoring, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the financial statements auditor's management letter.
- 4.1.8 considering and advising the Board on relevant reports by the National Audit Office, the Education Funding Agency (including those from the local provider financial assurance teams) and other funding bodies and, where appropriate, management's response to these.
- 4.1.9 establishing, in conjunction with PDET management, relevant annual performance measures and indicators and monitoring the effectiveness of the internal audit service and financial statements auditor through these measures and indicators and deciding, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 4.1.10 monitoring the PDET's risk management plan and advising the Board on its adequacy and effectiveness
- 4.1.11 producing an annual report for the Board and Accounting Officer which should include the Committee's advice on the effectiveness of PDET's risk management, control and governance processes and any significant matters arising from the work of the internal audit service and the financial statements auditor.
- 4.1.12 monitoring and advising the Board on any alleged fraud and irregularity in PDET's financial and other control systems and ensuring that all allegations of fraud and irregularity are properly followed up.
- 4.1.13 being informed of all additional services undertaken by the internal audit service and the financial statements auditors.

4.1.14 recommending the annual financial statements to the Board for approval.

4.1.15 monitoring the effectiveness of PDET's whistleblowing procedures meeting privately with the Internal and External Auditors, and separately with the Business Director at least once a year.

## **5. Administration**

5.1 The Audit Committee will meet at least three times a year. The meetings will be timely with the work of PDET's internal audit service and the financial statements auditor.

5.2 The Clerk to the Committee will keep appropriate records of the proceedings

5.3 Agendas will be agreed in advance by the Chair of the Audit 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 5 working days in advance of the meeting.

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

5.5 The Audit Committee will review these terms of reference and self-assess its performance against these terms of reference on an annual basis prior to submission to the Board for approval.