

## **Newham Community Learning - Audit, Risk and Development Committee: Terms of Reference**

This is a committee of the Trust Board, and acts in accordance with these terms of reference. As a committee, it is also subject to the Leadership and Governance Decision Planner, part of the Scheme of Delegation.

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Applies to: Newham Community Learning

Approved by: Trust Board, March 2024

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# 1. Newham Community Learning: Audit, Risk and Development Committee Terms of Reference

## 1.1. Introduction

The Trustees have the power to establish any committee to assist in the conduct of the business of the Trust. If a committee is to have decision making authority, the committee board must comprise a majority of Trustees, enabling a quorate decision to be made. Where committees consist of six trustees, and four are present at a meeting, this will enable quorate decision making.

Details of the committees established by the Trust are noted in the Trust's Structure Diagram which forms part of this Scheme of Delegation suite of documents. The Trust Board has established this committee pursuant to Article 100 (b) in the Trust's Articles of Association.

The work of the committee is supported by inputs from the Accounting Officer (the CEO of the Trust) and the CFO (Chief Financial Officer), both of which are roles that the Trust is required to have in place.

The Trust has a separately constituted Finance and Resources Committee, with its own terms of reference, which is published on the Trust website as part of the scheme of delegation.

## 1.2. Purpose of the Committee

The Trust Board has established the committee in order to<sup>1</sup>:

- at a high level, maintain oversight of both Trust's Trust Improvement Plan and the associated management of risk via the Risk Register, which is clearly linked to the TIP items;
- maintain an oversight of the Trust's financial, governance, risk management and internal control systems;
- report findings *termly* and *annually* to the Trust Board and the Accounting Officer as a critical element of the Trust's annual reporting requirements [this will be through the minutes of the meetings of the committee and via the regular updates to the Trust's Risk Register];
- review opportunities for growth in line with the Trust's strategic vision and provide recommendations to the Trust Board, having carefully considered both the opportunities and any associated risks for both individual schools and for the Trust as a whole; and
- ensure, in a way that is fit for purpose, that all schools are represented at this strategic decision-making level and that local governing bodies are thus able to ensure their voice is heard at Trust Board level and that they are able to engage with the Trust's strategic objectives.

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<sup>1</sup> As per the Academy Trust Handbook, September 2023

The establishment of this committee is pursuant to the approval of the Trust's Development Plan by the Board in December 2023. It has brought together the remits of the predecessor Growth Committee and the Audit and Risk Committees. This is reflective of the inherent risks that require monitoring when giving consideration to the Trust's opportunities for growth - which may involve external growth or internal development.

The structure of the committee also allows for the invitation of Chairs of Governors to its meetings, in order to ensure that LGBs are included in the strategic decision making of the Trust as a whole.

The core purpose of this committee is to enable the Trust Board to monitor, rate and track risks to the Trust's financial and/or strategic aims. In its management of risk, the Trust adopts the Risk Management Framework ([see Annex A](#)) outlined in the [Orange Book: Management of Risk - Principles and Guidance](#). The committee also provides the Trust Board with the necessary assurance that programmes of internal scrutiny and external scrutiny are being carried out, as per the requirements of the Academy Trust Handbook (updated annually). The review and careful consideration of growth opportunities is closely associated with the management of risk at Newham Community Learning, which informed the decision to combine these committees.

The Trust adopts the Orange Book's principles to risk management, and the committee ensures that these principles are being followed at all levels. In brief, these are:

- *Governance and leadership* - risk management is an integral part of these functions, and fundamental to how the Trust is directed, managed and controlled at all levels;
- *Integration* - it is an integral part of all Trust activities, which supports decision-making leading to the achievement of objectives;
- *Collaboration and best information* - part of the ethos and culture of the Trust is collaboration and the adoption of best practice; this approach is adopted in the management of risk;
- *Processes* - the Trust's risk management strategy includes processes to (a) identify and assess risk, (b) select and implement the best risk treatment option to support achievement of outcomes, (c) design and operate monitoring arrangements and (d) ensure timely, accurate risk reporting; and
- *Continual improvement* - the Trust exists in order to improve the educational outcomes for its students. Continual improvement is part and parcel of all Trust processes.

Other key areas of work include:

- To monitor and assess the internal controls in place at both individual school and at Trust level via the oversight of a programme of internal scrutiny to ensure that risks to the Trust are being adequately addressed, and report back to the Trust Board;
- 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;
- To support the Trust Board in ensuring that a framework is established and maintained for the identification and management of risk at school and at Trust level (including having regular sight of the Trust level Risk Register, the format of which will be followed by

individual schools to facilitate the Trust's oversight work) - and to use the assessment of key risks on the Register to direct the annual programme of internal scrutiny work;

- To ensure that the Trust Improvement Plan is scrutinised alongside the School Improvement Plans; noting that at school level, risks are tracked and managed through the School Improvement Plans;
- To scrutinise any opportunities for growth, in line with regularly reviewed Trust Development Plan;
- To keep the relevant committees and the Trust Board regularly informed of the committee's activities and key decisions via the various feedback mechanisms in place and amended from time to time;
- To establish and maintain mechanisms for checking that agreed recommendations/work has been carried out as agreed;
- To ensure that all finance and funding information submitted to the DfE and the ESFA (Education and Skills Funding Agency) by the Trust and all its schools is accurate and compliant.

### 1.3. Authority

The Trust Audit, Risk and Development Committee is a Committee of the Trust 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:

- recommend and/or propose key decisions that fall within its remit to the Trust Board;
- request any information it requires from any employee, external audit, internal audit, or other assurance provider; and
- obtain outside legal or independent professional advice it considers necessary, normally in consultation with the Accounting Officer and/or the Trust Board.

### 1.4. Reporting

The Committee will:

- report back to the Trust Board regularly every term - with particular focus on its oversight of both the Risk Register and the Trust Improvement Plan;
- provide an annual summary report provided by the internal scrutineer / auditor and areas reviewed by internal scrutiny / audit covering key findings, recommendations, and conclusions;
- report back to the Trust Board regarding any proposals/considerations for growth - both internal and external; and
- put processes in place to ensure that the committee's activities are fed back to local governing bodies.

### 1.5. Constitution

This committee has been established as a committee of the Trust Board, responsible for recommending or proposing decisions to the Trust Board.

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 chair any other committee in order to maintain a clear separation of roles - but may still sit as a *member* on other Committees of the Trust Board. The chair of the committee will not be the chair of the Board of Trustees.

The Trust's CEO (Chief Executive Officer), and COO (Chief Operating Officer) will be the key members of the Central Team who will support the work of the committee (including agenda planning and actions delivery) and who will attend all meetings, but who will not be members of the committee. The committee may meet with the internal or external auditors without the presence of the executive.

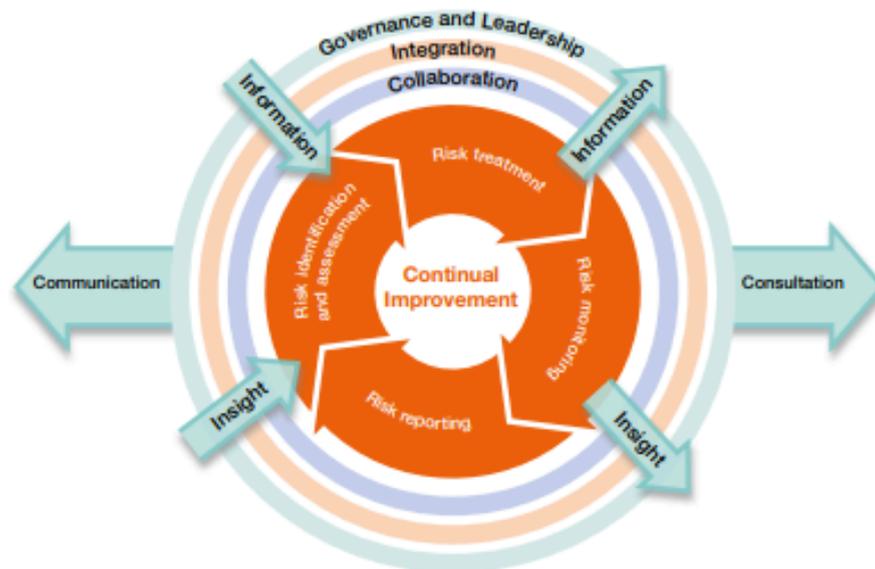
### 1.6. Frequency of meetings

The committee will normally meet three times a year, scheduled to enable recommendations to be referred to the Trust Board and/or to Local Governing Bodies with minimum delay.

Additional ad hoc meetings may be arranged to deal with identified significant issues or to cope with increased workload.

## 1.8. Annex A - Risk Management Framework (from The Orange Book: Management of Risk - Principles and Concepts - gov.uk)

### Risk Management Framework



The risk management framework supports the consistent and robust identification and management of opportunities and risks within desired levels across an organisation, supporting openness, challenge, innovation and excellence in the achievement of objectives. For the risk management framework to be considered effective, the following principles shall be applied:

- A. Risk management shall be an essential part of **governance and leadership**, and fundamental to how the organisation is directed, managed and controlled at all levels.
- B. Risk management shall be an **integral** part of all organisational activities to support decision-making in achieving objectives.
- C. Risk management shall be **collaborative and informed** by the best available information and expertise.
- D. Risk management processes shall be **structured** to include:
  - a. **risk identification and assessment** to determine and prioritise how the risks should be managed;
  - b. the selection, design and implementation of **risk treatment** options that support achievement of intended outcomes and manage risks to an acceptable level;
  - c. the design and operation of integrated, insightful and informative **risk monitoring**; and
  - d. timely, accurate and useful **risk reporting** to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.
- E. Risk management shall be **continually improved** through learning and experience.