



**Birchwood High School  
Audit Committee Terms of  
Reference  
Academic Year 2021-22  
FGB Approval**

## **Terms of Reference**

The Audit Committee will act as a “critical friend” offering an external perspective to the Principal and the school: monitoring the audit function, offering support and advice, an external opinion, asking challenging questions, offering constructive criticism where appropriate and ensuring that the highest professional and ethical standards are met.

In accordance with legislation and the relevant education acts the Audit Committee will:

- Act with integrity, objectivity and honesty in the best interests of the school;
- Be open about their decisions and action

**Membership:** a minimum of three Governors (chairs of other governing body committees). Additional non Governors can be members, but must not out-number the governor members, and do not have voting rights.

**Quorum for the Committee:** three members of the Committee

**Frequency of meetings:** at least three times a year and as and when required.

### **Chair’s Responsibility:**

- To chair meetings
- To set the agenda
- To arrange meetings and notify members
- Note decisions/options
- To arrange for the provision of written reports/minutes

### **Remit:**

1. Financial reporting
  - a. To review the actions and judgments of management, in relation to the Academy’s financial statements, operating and financial review paying particular attention to:
    - i. critical accounting policies and practices, and any changes in them;
    - ii. decisions requiring a significant element of judgment;
    - iii. the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
    - iv. the clarity of disclosures;
    - v. significant adjustments resulting from the audit;
    - vi. the going concern assumption;
    - vii. compliance with accounting standards;
    - viii. compliance with Charity Commission and other legal requirements;
    - ix. material post balance sheet events;
  - b. To consider other topics, as defined by the Full Governing Body.
2. Internal control and risk management
  - a. To review the Academy’s procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters;
  - b. To review management’s reports on the effectiveness of the systems for internal financial control, financial reporting and risk management;
  - c. To monitor the integrity of the Academy’s internal financial controls;
  - d. To review the statement in the annual report and accounts on the Academy’s internal controls and risk management framework;

- e. To assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks;
  - f. To oversee the school's compliance with the General data Protection Regulation and the data Protection Act 2018;
  - g. To receive reports from the school's Data Protection Officer;
  - h. To prepare an Annual Internal Scrutiny Report, a short annual summary describing key areas reviewed, findings, recommendations & conclusions. To be submitted to the ESFA with the audited annual accounts Dec2020 onwards.
3. Internal audit
- a. To consider annually who to appoint to fulfill internal audit function where no such function exists within the school structure;
  - b. To review the reports of the Internal Controls Evaluation Service on the effectiveness of the financial procedures and controls. These reports must be reported to the Full Governing Body.
4. External audit
- a. To recommend to the Full Governing Body the appointment or re-appointment of Auditors having consulted the Finance Committee about the appointment, in particular about the level of audit fee.
  - b. Consideration of the audit plan, in advance of the field work;
  - c. To review with the external auditors, the findings of their work, including, any major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved; key accounting and audit judgments; levels of errors identified during the audit, obtaining explanations from management and, where necessary the external auditors, as to why certain errors might remain unadjusted;
  - d. To review and monitor the content of the external auditor's management letter, in order to assess whether it is based on a good understanding of the Academy's business and establish whether recommendations have been acted upon and, if not, the reasons why they have not been acted upon.