

Astley Ainslie Community Trust

Audit and Risk Committee Annual Report 2023

Introduction

The terms of reference of the Audit and Risk Committee (ARC) were approved by the AACT Board in April 2023. The overall purpose of the ARC is to assist the Board of Trustees in its duty to supervise the broad direction of the AACT financial affairs and to oversee the audit and risk management processes.

Membership

Members are three in number chosen by the Chair of the Board of Trustees for an initial period of 3 years. The quorum for a meeting is two.

The members are - Michael Hall, Howard Royston and Jamie Gilmour (Chair).

Functions

The ARC has multiple functions outlined in its terms of reference.

Insurance :-

Encompass Charity Scheme Insurance and Employers Liability Certificate exhibited for AACT and in order. Insurers are Royal and Sun Alliance SCVO. The insurance cost was £405. Third party cover is in place including employees and volunteers.

But the Trustees must ensure that a system of disclosure is established and in place.

Accounts:-

Although the timescale for viewing the accounts was compressed, the annual financial statements have been examined, found to be satisfactory and should be approved by the Board of Trustees.

With reference to the EVOC Funding Agreement exhibited with a funding award of £18,997, this grant is a restricted fund with a specific purpose. Any underspend after 31 March 2024 must be declared and return of any balance may be required. The grant has reporting requirements.

Examiners:-

External examiners Innes & Partners were appointed in April 2023. Their Terms of Service are comprehensive and explanatory detailing the respective responsibilities of the examiners and the AACT Trustees. The examiners are presently assisting in setting up the QuickBooks accounting system. Re-appointment of Innes & Partners as external examiners is recommended.

There is no record of internal examiners/auditors.

Constitution

AACT must have three (3) trustees but seven (7) is the number in the constitution. A difficulty arose earlier in the year on reaching the number. Consideration could be given to reducing the number. The constitution can be altered at any time by a resolution of members at a members' meeting or by written resolution in terms of clause 161.

Executive Committee

The ARC should monitor the activities of any AACT committees. No report or information is available on the Executive Committee, but it is necessary that steps are taken to produce the annual report.

Risk

The Trustees have the legal duty to safeguard the assets of AACT.

A policy should be in place to guard against theft and fraud.

Robust financial controls should be in place.

The following are relevant:-

1. Segregation of duties for financial procedures. No single person should be in control of finances or a transaction.
2. Basic records of all income and expenditure are kept as well as receipts, invoices or supporting documents such as agreements.
3. There should be no special privileges for Trustees, members of committees, AACT members or any staff.
4. Reconciliation of bank statements and any accounts should be done regularly.
5. Risk policy should be reviewed annually.
6. Fraud and risk policies should be made known to all Trustees, members of AACT and any staff.
7. A process should be in place for handling money.
8. Alleged fraud or theft should be reported to Action Fraud and the Charity Commission. Seeking legal advice on prosecution may be required.

General:-

It is recommended that an organizational/governance chart and risk register be set up. The former might include the selection or appointment of an AACT secretary to assist with administrative workload.

ARC can consider proposed policies and procedures drawn up by the Trustees.

Jamie Gilmour,

Chair,

ARC

18 October 2023

