

British Institute of Technology Ltd
Trading As: British Institute of Technology, England (BITE)
Audit Committee

Terms of Reference

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Introduction

The Committee comprises four members, including three members of the Board of Directors (the Council) and one independent member drawn from outside the Council.

The Committee has authority to co-opt additional members with particular expertise for short periods. The members must have no involvement in or responsibility for the executive management of the institution.

The Chair of the Committee is appointed by the Council and must be a member of the Council. The Chair has direct access at all times to the Chair of the Council and to the Chief Executive Officer.

In order to retain the Committee's independence, the Chair of the Council will not serve on the Committee.

At any time at least one member must have a background in finance, accounting or auditing.

Terms of Reference

The Council has established the Audit Committee who is required to report directly to the Council.

In accordance with the OfS Audit Code of Practice, the Audit Committee is independent of the management of the Institute, and has been granted the standing and the resources to report directly to the Council on:

- The effectiveness of the internal control system in the finance and operational areas.
- The management of risk, including the reliability and integrity of financial information, the effectiveness and efficiency of operations, legal compliance, and the safeguarding of assets.
- Audit issues arising from financial and other relevant statements and reports, particularly the annual financial statements.
- Monitor financial controls, performance and value for money, including good procurement practice.
- Scrutinise budgets and financial forecasts
- Review regulatory data assurance arrangements.
- The Committee is required to alert the Council to serious deficiencies in any of these areas, which impact on the effective management of the institution and the proper use of public funds.
- The Committee will operate at all times within the terms of the OfS Audit Code of Practice.
- The Committee will use the CUC-HE-Audit-Committees-Code-of-Practice for best practices.

Mode of operation

A quorum will comprise at least two members.

Independent chair, the head of finance, institute secretary with representatives of the internal and external audit services, will attend all meetings. Other senior staff may be asked to attend meetings for particular items.

The Committee may meet in closed session with the auditors. The Chair will report any serious issues arising from such meetings to the Council.

Frequency of Meetings

The Committee will meet at least three times a year and when asked by the Council for issues or matters arising. The external and internal auditors may ask the Council to convene a meeting at other times whenever they consider it to be necessary.

Authority

The Committee is empowered by the Council to conduct an investigation into any activity or reported breakdown in controls, which falls within its terms of reference. It is authorised to seek any information it requires from any member of staff. All members of staff are required to co-operate with any request made by the Committee. Failure to do so will be reported to the Council.

The Committee may request the secretary to procure specialist advice to assist it in its work. The Audit Committee will review the draft annual financial statements before they are presented to the Council. The Committee's role will be restricted to the audit issues raised by the statements, including the external audit opinion, the audit summary, the external auditors' management letter, the statement of members' responsibilities, and the statement of corporate governance. The Committee will confirm with the external and internal auditors that the effectiveness of the internal control system has been reviewed, and advise the Council accordingly. This responsibility, in accordance with the HE Code of Governance, will be extended to include a risk management and governance disclosure statement.

Subject to any direction that may be given by the Council, and subject to the requirements of the Instrument and Articles, the Audit Committee shall have the following responsibilities:

1. To advise the Council on the appointment and annual performance of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any circumstances leading to resignation or dismissal of the external auditors.
2. To ensure that funds are used for purpose.
3. For securing value for money.
4. To oversee the nature and scope of the external audit service and of each annual audit cycle.
5. To review with the external auditors any problems and reservations arising from the auditing of the Institute's accounts, including any such problems or reservations reported in the management letter and management's response, together with all other matters which the external auditors may wish to draw to the Committee's attention (with or without the CEO and other officers being present).
6. To advise the Council on the appointment and annual performance of the internal auditors, the audit fee, the provision of any non-audit services by the internal auditors and any circumstances leading to the resignation or dismissal of the internal auditors.
7. To consider the strategic plan and annual audit plan, and to ensure that the resources made available under the annual budget are sufficient to meet the institution's needs and are risk focussed; to consider major findings of internal audit investigations and management's response; and to promote co-ordination between the internal and the external audit services.

8. To monitor the effectiveness of internal control and risk management systems in the finance and non-finance areas.
9. To review the external auditors' management letter and the internal auditors' annual report, and to monitor the implementation of agreed management actions.
10. To keep under review the management follow-up to other audit-based recommendations from whatever source.
11. To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the OfS Accounting Officer, have been informed.
12. To receive and approve the Institutes' policies on fraud, irregularity and public interest disclosure, including being notified of any action taken under these policies.
13. To satisfy itself that satisfactory arrangements are in place to promote best value, and to monitor such other dimensions of performance as shall be deemed to be reliable and appropriate measures of institutional effectiveness.
14. To receive any relevant reports from the National Audit Office, the OfS and other organisations.
15. To review the statement of the corporate governance that sets out the corporate governance arrangements.
16. To review the statement of internal control that sets out the adequacy and effectiveness of the Institute arrangements for internal control, including the management and governance arrangements.
17. To submit an annual report to the Council, summarising activity for the year. The report will include as a minimum the Committee's opinion on the extent to which the Council may rely on the internal control system and the arrangements for securing best value. If the time scale permits, the annual report will be submitted to the Council before the annual financial statements is signed.

Reporting Procedures

The minutes will be circulated to all members of the Council.

The committee will prepare an annual report covering the Institutes' financial year and any significant issues up to the date of preparing the report. The report will be addressed to Council and will summarise the activity for the year. It will give the committee's opinion of the adequacy and effectiveness of the Institutes' arrangements for the following:

- risk management, control and governance (the risk management element includes the appropriateness of the statement of internal control included with the annual statement of accounts);
- economy, efficiency and effectiveness (value for money); and
- management and quality assurance of data submitted to the Office for Student, Higher Education Statistics Agency, the Student Loans Company, and other bodies.

This opinion should be based on the information presented to the committee. The Audit Committee annual report should normally be submitted to Council before the Annual Accountability Statement in the annual financial statements is signed.

Chair's action between meetings

The following categories of business may be conducted by the Chair of the Council, Academic Board, Executive Committee or any of their subcommittees and panels.

The first three delegations are minuted in advance and then reported back at the next meeting of the Council or committee.

The fourth to sixth delegation are requested in writing by officers between meetings, supported by background information and then reported back at the next meeting of the Council or committee

The relevant board or committee will monitor the use made of Chair's action.

1. Business which is unfinished at a board or committee meeting for lack of information but on which a clear steer is given to guide the decision when the information becomes available
2. Business which is approved at a board or committee subject to certain conditions to be met by the management or other parties and signed off by the chair
3. Business involving signature/s to the detailed formal paperwork associated with a prior decision of a board or committee.
4. The signing of routine contracts that commit the Institute, or a company, above a certain level of expenditure
5. Routine decisions on senior post holders (Chair of the Council/Remuneration & General Committee only)
6. Urgent business between meetings, canvassing the support of other board and committee members as far as possible by phone or email. Such decisions should not involve changes of policy of the board or committee and should only be taken where there is material risk to Institute, or a company.