# London South Bank University

## Minutes of a Meeting of the Audit Committee
## held at 4pm on Thursday, 12 June 2014
## in room 1B27, Technopark, London Road, London, SE1

**Present**

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| Andrew Owen | Chairman |
| Steve Balmont | |
| Douglas Denham St Pinnock | |
| Mee Ling Ng | |
| Shachi Patel | (Independent co-opted member) |

**External Auditors**

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| David Barnes | Grant Thornton |
| Amanda Tilley | Grant Thornton |

**Internal Auditors**

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| Charlotte Bilsland | PricewaterhouseCoopers |
| David Wildey | PricewaterhouseCoopers |

**In attendance**

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| Prof Phil Cardew | Pro Vice Chancellor (Academic) |
| Natalie Ferer | Financial Controller |
| Dr Andrew Fisher | Academic Registrar (*for minute 17*) |
| Richard Flatman | Chief Financial Officer |
| Jennifer Parsons | Director of Internationalisation (*for minute 24*) |
| Prof David Phoenix | Vice Chancellor and Chief Executive |
| Amir Rashid | Programme Director – Building for the Future (*for minutes 1-7*) |
| James Stevenson | University Secretary and Clerk to the Board of Governors |
| Michael Broadway | Governance Manager |

**Welcome and apologies**

1.    Apologies had been received from Justin Martin of PricewaterhouseCoopers.

**Declarations of Interest**

2.    No interests were declared on any item on the agenda.

**Minutes of the last meeting**

3.      The minutes of the meeting held on 6 February 2014 were approved (paper **AC.13(14)**), subject to clarification that Steve Balmont had given apologies to the meeting.  The minutes were approved for publication subject to the proposed redactions.

**Matters arising**

4.      There were no matters arising from the previous minutes which were not elsewhere on the agenda.

**IBM and change programme projects update**

5.      The committee noted an update on the IBM and change programme projects (paper **AC.14(14)**), which set out the reporting arrangements for the change programme.  Scopes for the 15 projects which make up the change programme will be considered by the Executive at its meeting of 17 June 2014.  The project scopes will include details on the timings, deliverables and cost of each project which would allow the Executive to closely monitor delivery of each project.

6.      The committee noted the update and proposed format of reporting at each meeting of the Board.  These reports would address delivery, achievement of milestones and key risks or issues.  Further detail would be provided for projects rated at amber or red to allow the Board the opportunity to better understand the risks and challenges of the project.

7.      The change programme would be key to the delivery of the new corporate strategy, 2015-2020 which would come to the Board for approval at its meeting of 8 July 2014.  The annual delivery plan with benchmarks and deliverables would be considered by the Board at its meeting of 9 October 2014.

8.      Governors requested clarity on the scope, scale and deliverables of each of the 15 projects as they are developed.  The committee requested the Executive to consider the risks of each project, including the risk of the overall programme and its impact on ongoing business.

9.      The committee noted that 15 days were included in the Internal Audit plan for 2014/15 to review the programme (minute 18 refers).

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*Amir Rashid left the meeting*

**External audit plan**

10.	The committee discussed and approved the external audit plan proposed by Grant Thornton for the year ending 31 July 2014 (paper **AC.15(14)**).

11.	The committee noted that from the year ended 31 July 2016, the University would be required to report under FRS102 and a new Statement of Recommended Practice (SORP) for the education sector, resulting in a number of changes to financial reporting for financial year 2015/16. The committee requested analysis on the implications for LSBU's accounting policies at its meeting of June 2015.

**Indicative pensions assumptions**

12.	The committee noted that the University expected to receive indicative assumptions to be used by the Local Government Pension Scheme actuaries in mid-June (paper **AC.18(14)**). The assumptions would be circulated to committee members via email for comment once received.

**Internal Audit progress report**

13.	The committee noted the internal audit progress report (paper **AC.17(14)**).

**Quarter 2 and Quarter 3 continuous auditing report**

14.	The committee noted the quarter 2 and quarter 3 continuous auditing reports (paper **AC.18(14)**). It was noted that for quarter 3 (1/2/14-30/4/14) all aspects of the control environment were performing well and rated green.

**Internal Audit report – Business Continuity Management**

15.	The committee noted the internal audit report on business continuity management (paper **AC.19(14)**), which had been given a medium risk rating.

**Internal Audit report - Phishing**

16.	The committee noted the draft internal audit report on phishing (paper **AC.20(14)**). The committee expressed disappointment over a deterioration in the level of awareness of staff to phishing attacks. This was being addressed by the Executive through training for the staff who had responded. The committee noted that ICT had acted promptly.

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**Internal Audit report – Payroll implementation report**

17.      The committee noted the payroll implementation report (paper **AC.21(14)**). The report followed up a previous review completed in 2013 and found an improved control environment.

**Internal Audit plan, 2014/15**

18.      The committee discussed the internal audit plan for 2014/15 in detail (paper **AC.22(14)**). The majority of days in the plan was for continuous auditing which would be extended to include student data. The committee approved the internal audit plan and requested the number of days for risk management to be reviewed.

**Student Records Review**

*Dr Fisher entered the meeting*

19.      The committee discussed the audit report of student records undertaken by Deloitte (paper **AC.23(14)**). The report was generally positive and an action plan had been developed to follow up on the recommendations. The committee noted that considerable progress had been made on the management of student data in recent years. Student data quality would now be monitored regularly through the continuous auditing programme.

*Dr Fisher left the meeting*

**Internal Audit retender**

20.      The committee noted that PricewaterhouseCoopers' contract as internal auditors expired on 31 July 2015 and it was necessary to retender the contract (paper **AC.24(14)**). The committee approved the recommendation that the procurement for the new contract should be a mini competition between eight companies through the Advanced Procurement for Universities and Colleges (APUC) framework. The selection panel will be as set out in paper AC.24(14) and all members of the committee will be invited to join the panel.

21.      A recommendation on the preferred supplier will be considered at the meeting in February 2015.

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**Risk Register**

22. The committee noted the corporate risk register (paper **AC.25(14)**). The committee noted that steps were being taken to mitigate the risk of loss of NHS income following the resignation of the Dean of Health and Social Care.

**Risk strategy and appetite**

23. The committee recommended the amended risk strategy and appetite to the Board for approval (paper **AC.26(14)**). The risk strategy would be linked to the new annual corporate planning processes and embedded as part of the induction process for new staff.

**HEFCE risk assessment**

24. The committee noted the HEFCE risk assessment that LSBU is not at higher risk (paper **AC.27(14)**), which had been reviewed in detail by the Board at its meeting of 22 May 2014.

**Home Office Higher Education Assurance Team audit**

*Jennifer Parsons entered the meeting*

25. The committee noted the outcome of the Home Office Higher Education Assurance Team (HEAT) audit (paper **AC.28(14)**). A review of attendance monitoring of international students was underway.

*Jennifer Parsons left the meeting*

**TRAC(T) Return**

26. The committee noted the TRAC(T) return (paper **AC.29(14)**), which had been reviewed in detail by a member of the committee and submitted to HEFCE.

27. The committee ratified the return.

**Anti-fraud policy**

28. The committee approved the revised anti-fraud policy (paper **AC.30(14)**) which reiterated the University's zero tolerance approach to fraud.

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**Anti-fraud, bribery and corruption report**

29.    The committee noted the anti-fraud, bribery and corruption report (paper **AC.31(14)**).  The committee expressed concern over the avenues available to staff or students to escalate issues (see next minute).

**Speak up report**

30.    The committee noted the speak up report (paper **AC.32(14)**).  There had been one anonymous speak up matter recently raised with the Chairman which would be discussed with other committee members in private.
(*Secretary's note: the Chairman subsequently confirmed that the committee was satisfied that due process had been followed by management*).

31.    The committee expressed concern over the speak up process and whether it was operating effectively.  The committee requested the executive to review the process.

**Matters to report to the Board**

32.    The committee requested that a summary of the following items is reported to the Board meeting of 8 July 2014: external audit plan, 2013/14; internal audit report on phishing; internal audit plan, 2014/15; internal audit retender process; risk strategy and appetite; outcome of the HEAT audit; and the anti-fraud policy.

**Date of next meeting**

33.    It was noted that the next meeting would be at 4pm on Thursday, 25 September 2014.

The Chairman closed the meeting.

Confirmed as a true record:


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Chairman