

## Meeting of the Group Audit and Risk Committee

4.00pm on Thursday, 11 February 2021  
via MS Teams

### Supplement 1: full internal audit reports (for information)

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# LONDON SOUTH BANK UNIVERSITY

## INTERNAL AUDIT REPORT - FINAL

FINANCIAL MANAGEMENT INFORMATION, CASH FLOW AND LOAN COVENANTS  
JANUARY 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate



# LONDON SOUTH BANK UNIVERSITY, FINANCIAL MANAGEMENT INFORMATION, CASH FLOW AND LOAN COVENANTS

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## DISTRIBUTION

Ralph Sanders	Group Director of Financial Planning and Reporting
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## REPORT STATUS LIST

Auditors:	Andrew Angeli and Emma Higgins
Dates work performed:	16 November - 11 December 2020
Draft report issued:	18 January 2020
Final report issued:	28 January 2021

# LONDON SOUTH BANK UNIVERSITY, FINANCIAL MANAGEMENT INFORMATION, CASH FLOW AND LOAN COVENANTS

## EXECUTIVE SUMMARY

### LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	■	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	■	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

### SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)



TOTAL NUMBER OF RECOMMENDATIONS: 5

### BACKGROUND:

A review of financial management information provided to the Group Executive, Group Board and Finance, Planning and Reporting (FPR) Committee for the University and College and the cash flow forecasting and loan covenant compliance arrangements in place for the University has been performed.

#### Management information

Management information for LSBU and SBC is provided to the Group Executive and is made up of two parts; financial and KPIs. The Finance team produces monthly financial reporting information using the Agresso finance system. The LSBU Group Executive receives a detailed pack providing the financial position for the University and College each month, with the Finance, Planning and Reporting (FPR) Committee receiving a summarised version. The CFO provides a high level report to the Board of Governors which includes key financial management information relating to the University and College. The CFO or Vice Chancellor may also provide updates to the Board in advance of the Board meeting.

#### Cash flow

The Group Director of Financial Planning and Reporting produces an annual cash flow forecast which is based on yearly income and expenditure forecasts.

The cash flow forecast is included within the annual Office for Students (OfS) submission, which is reviewed and approved by the CFO. The OfS submission (including the cash flow forecast in addition to the other reporting elements) is then reviewed by the Planning Performance and Assurance team followed by the Vice Chancellor who performs a final high level review which is evidenced by their sign-off.

Finance business partners are required to phase their budgets on Agresso. From this, income and expenditure is profiled in the cash flow forecasts on an annual basis. Budget holders meet with their finance business partner on a monthly basis to discuss any variances between planned and actual positions. Any findings are then reported to the University Management Committee (UMC) and Group Executive. Reforecasting occurs on an ad hoc

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basis and is performed by the finance business partners following discussions with their budget holders.

LSBU has a revolving credit facility in place to fund new investments which it will need to utilise during 2020/21 and it is currently anticipated that it will be required during April 2021. Half a day's notice is required to draw down funds from this facility, and cash requirements will need to be monitored closely in order to identify the University's cash needs and to minimise drawn downs.

The Treasury Management policy outlines LSBU's requirements for maintaining an up-to-date cash flow forecast on a rolling basis to ensure that future cash requirements are identified and investments and borrowings are managed accordingly.

On a monthly basis, the UMC and the Executive team receive an updated forecast demonstrating the current cash position and reasons for any movements in cash.

## Loan covenants:

As part of the monthly reporting packs, loan covenants which are likely to be breached are highlighted. In cases where breaches are identified as likely, the Group Director of Financial Planning and Reporting meets with the CFO or Financial Controller to decide how this may be avoided.

Loan covenants include LSBU not being permitted to report a loss position for two consecutive years and adjusted cash flow for each relevant period being no less than 125% of its debt servicing costs for such relevant period. Regarding the latter of these covenants, LSBU tracks this by producing a five-year forecast of adjusted cash flows and debt servicing costs to assess if non-compliance with this covenant is likely to be an issue in the next five years.

## SCOPE AND APPROACH:

The scope of this audit was to assess whether the financial management information relating to the University and College provided to and the Group Executive, Group Board and Planning and Reporting (FPR) Committee is appropriate for their needs. Although the review included review of information relating to the College that is reported to the Group Executive and Group Board, and the consolidation of this information with the University's information, the controls within the University only were assessed during this audit.

The audit also reviewed the controls in place over cash flow forecasting and loan covenant compliance at the University.

The College is due to have a separate financial related internal audit during 2020/21 and therefore its specific processes and controls will be reviewed as part of that audit. The budget setting and monitoring arrangements for SBA are also being reviewed separately.

As KPIs are still being developed to monitor the new Group Strategy, a separate review of KPIs will be carried out later in 2020/21.

Our approach consisted of us conducting interviews to establish the controls in operation for each of our areas of audit work. We then sought documentary evidence that these controls were designed as described. We evaluated these controls to identify whether they adequately addressed the risks.

We sought to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

Specifically, we assessed whether the financial information contained within the monthly management information packs reported to the Executive team, the Financial, Planning and

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Reporting (FPR) Committee and the Board of Governors was clear, transparent and relevant. This included whether reporting information was supported by appropriate commentary and whether adverse performance against budget could be identified.

We assessed whether there are suitable controls in place to produce accurate information by walking through the monthly closedown procedures including journal process. We traced a sample of line items through from Agresso to the management information pack. Sample testing of journals requiring approval could not be performed due to Agresso being unavailable.

We walked through the process to generate annual cash flow forecasts and assessed whether assumptions used were supported by appropriate rationale and scrutinised before being accepted. We assess whether profiling of income and expenditure was reflected in annual cash flow forecasts and whether this aligned to budgeted income and expenditure within the management accounts. We also interviewed two finance business partners to assess whether they regularly met with their budget holders to discuss budget performance and whether reforecasting took place regularly. We assessed how the University plans to minimise drawdown periods when these are required and whether the cash flow positions are being reported at an appropriate level.

We reviewed how the University monitors compliance with its loan covenants and the controls in place for reporting accurate compliance information within monthly management information packs.

## GOOD PRACTICE:

We noted the following areas of good practice:

- Information contained within the monthly Group Executive management information packs is clear and provides appropriate detail to support decision making.
- The lack of manual procedures involved in the data input into Agresso and the production of the monthly reports helps to ensure accuracy and relevance of data underpinning the financial management information reported.
- Authorised officers require general ledger journals raised in Agresso to be accompanied by sufficient supporting documentation before they are approved.
- The accuracy of three sampled line items out of 46 in total (from the May, July and October 2020 management accounts) was confirmed through tracing these figures through the financial reports to the Agresso system.
- Review of a sample of CFO reports to the Board and meeting minutes confirmed that financial data is supported by appropriate commentary to provide context on the results.
- Review of the Vice Chancellor's report provided ahead of the November 2020 Board meeting confirmed that key messages are communicated to the Board prior to monthly meetings taking place.
- Inspection of the May 2020 financial management information confirmed that variances against budget are clearly highlighted in the information provided to the Group Executive and escalated appropriately to the Board.
- Assessment of the assumptions used to formulate the latest annual cash flow forecasts confirmed that these are supported by appropriate rationale and scrutinised by the CFO before being approved.
- The Head of Financial Accounting monitors the cash flow position on a weekly basis. In cases where the cash position is considered low, this will be monitored on a daily basis. What is classed as low is not explicitly defined and Head of Financial Accounting uses their knowledge of cash requirements.

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- It was confirmed that in cases where there are surplus funds, the University will invest these in short term deposit accounts, such as the Nationwide Deposit account which was opened during last financial year.
- Interviews with two finance business partners confirmed that they regularly meet with their budget holders to discuss variances between actual and planned positions. In cases where variances have been brought to their attention, the reasons behind these differences are well understood.
- The CFO sits on the Major Properties and Investments Committee and so can facilitate discussions around timing of major infrastructure project payments to minimise drawdown periods.
- The annual cash flow forecast is reviewed in detail by the CFO with the Financial Controller where they will discuss the assumptions that have been made and the details of the cash flow forecast. The CFO will then give approval of the cash flow forecasts. It will also be approved by the Planning, Performance and Assurance (PPA) team and the Vice Chancellor before being submitted to ensure consistency and that it is in line with expectations.
- A monthly summary of closing bank balances and deposits, prepared by the Financial Accounting team, is sent to the Group Director of Financial Planning and Reporting at month end.
- Cash flow information reported to the SBC Leadership Group and the UMC corresponds to the cash flow information reported upwards to both the Executive team and the Board. There are regular meetings between the Group Director of Financial Planning and Reporting and the CFO/Financial Controller where they will devise action plans to avoid breaching loan covenants.

## KEY FINDINGS:

We have raised five findings; two of medium significance and three of low significance. The two findings of medium significance relate to the following:

- Interviews with management confirmed that reforecasting of income and expenditure is not currently performed as part of formalised regular procedures. Rather, it is performed on an ad-hoc basis if variances during the year are deemed to be "significant". The parameters of what is considered a significant variance are not defined.
- Short-term cash flow forecasts are not currently produced. The annual cash flow forecasts do not consider in detail the expected monthly cash flow position, movements within the month and the timing of payments to identify if the drawdown facilities may be required. It was also identified that there are no short-term cash flow budgets.

The low priority findings relate to the monthly closedown procedures, the tracking of loan covenant compliance and the regular meeting of the FPR Committee.

## CONCLUSION:

As a result of the findings we are able to provide moderate assurance over both the design and effectiveness of controls LSBU has in place to produce relevant, accurate and timely financial management information and monitor its cash flows and loan covenants.

## OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

- ✓ Financial information is inaccurate as a result of unreliable data sources

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- ✓ Manual adjustments lead to inconsistency or lack of transparency in the financial information reported

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- ✓ Financial performance reported is out of date or context

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- ✓ Financial information reported does not allow for poor performance to be identified and corrected in a timely manner

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- ✓ Reforecasting is not regularly performed and/or is based on inappropriate assumptions

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- ✓ The University and College's cash flow forecasts are not developed from sound assumptions

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- ✓ Income and expenditure is not accurately profiled in the cash flow forecasts

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- ✓ The cash position is not monitored and updated regularly leading to unexpected drawdowns being required and/or not maximising returns

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- ✓ Planned and actual positions are not reconciled and/or reasons for differences are not understood

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- ✓ Drawdown periods are not minimised

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- ✓ Cash flow positions are not reported to an appropriate level within the University or College in an accurate and timely manner

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- ✓ Loan covenants are breached


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# LONDON SOUTH BANK UNIVERSITY, FINANCIAL MANAGEMENT INFORMATION, CASH FLOW AND LOAN COVENANTS

## DETAILED FINDINGS

**RISK: CASH FLOW FORECASTS ARE NOT SUBJECT TO AN APPROPRIATE LEVEL OF REVIEW AND APPROVAL**

Ref	Sig.	Finding
1		<p>Short term cash flow forecasts are not currently produced on a regular basis.</p> <p>Furthermore, the annual cash flow forecast does not breakdown the movements within the month and the timing of payments to identify if the drawdown facilities may be required. They only provide month-end closing balances.</p> <p>Where short term cash flow forecasts are not regularly produced or where the monthly breakdown of cash flows is not known, there is a risk that the drawdown facility may need to be utilised which might otherwise be preventable or minimised. Although LSBU currently has a surplus of funds available of approximately £70m, it is expected that these funds will be used on an upcoming project.</p> <p>There is also a risk that the use of short term deposits may not be fully maximised.</p>

### RECOMMENDATION:

LSBU should produce shorter term cash flow forecasts on a rolling basis which show breakdowns of cash inflows and outflows within a monthly period. These should be produced on a monthly basis.

These short term forecasts should be reviewed and approved by a second individual to ensure their accuracy.

### MANAGEMENT RESPONSE:

The University will immediately expand the role of Head of Financial Accounting to include the preparation of rolling cash flow forecasts so that we can forecast with more accuracy our cash needs and our cash requirements.


The University currently uses TM1 as our planning software and we will expand on the capacity of this system to produce automated monthly cash flow forecasts for future periods to highlight those months where a drawdown will be required and can be repaid to minimise the interest burden to LSBU.

Responsible Officer: Ralph Sanders

Implementation Date: Immediate and a project plan will be developed for TM1

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**RISK: REFORECASTING IS NOT REGULARLY PERFORMED AND/OR IS BASED ON INAPPROPRIATE ASSUMPTIONS**

Ref	Sig.	Finding
2		<p>Reforecasting of income and expenditure is not performed as part of formalised regular procedures. Reforecasting is currently performed on an ad-hoc basis. In addition, reforecasting is only performed if variances during the year are deemed to be "significant", although the parameters of what is considered a significant variance are not defined.</p> <p>Where reforecasting is not performed regularly and parameters not defined, there is a risk that financial forecasts will not be an accurate reflection of the income and expenditure due in the year. This could lead to unexpected drawdowns being required from the drawdown facility.</p>

## RECOMMENDATION:

The proposed procedures to conduct expenditure reforecasting through regular team meetings in the second and third quarters of the year should be implemented in a timely manner. It is also recommended that income be reforecast on a defined regular basis. It is usually good practice to reforecast at least quarterly, and if required, monthly during the second half of the financial year.

The parameters for what significant variances in income and expenditure are should be defined to ensure that material variances in income and expenditure are captured in reforecasting and actions agreed if required.

## MANAGEMENT RESPONSE:


The procedures for reforecasting will be documented and defined particularly in regard to significant variances in income and expenditure.

Responsible Officer: Ralph Sanders

Implementation Date: 1 April 2021

# LONDON SOUTH BANK UNIVERSITY, FINANCIAL MANAGEMENT INFORMATION, CASH FLOW AND LOAN COVENANTS

RISK: MANAGEMENT, GROUP FINANCE COMMITTEE AND THE BOARD DO NOT RECEIVE FINANCIAL INFORMATION WHICH IS RELEVANT TO THEIR NEEDS, ALLOWS THEM TO MONITOR THE UNIVERSITY AND COLLEGE'S FINANCIAL PERFORMANCE OR ALLOWS FOR EFFECTIVE DECISION MAKING

Ref	Sig.	Finding
3		<p>Monthly financial management information presented at all levels does not include actual monthly income and expenditure figures and variances against these. Instead, year to date and forecast outturn figures are presented. As such there may be events that impact the figures in a month which may not be easily identifiable when presented as a year to date or forecast figure.</p> <p>As a result, the Board may be unaware of monthly financial management information in a timely manner. This could result in a risk of key decisions not being made in a timely manner.</p>

## RECOMMENDATION:

The financial management information packs should include a highlights section detailing key events occurring in the month and their financial impact. This should include commentary to provide context on this financial information as well as a graph showing monthly comparisons of budgeted versus actual performance. Variances within a month can then be highlighted.

## MANAGEMENT RESPONSE:


The pack will be updated to ensure that key events in a particular month are highlighted. Staff costs are currently graphed on a monthly basis and this will be expanded to include other areas of the accounts.

Responsible Officer: Ralph Sanders

Implementation Date: 1 March 2021

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RISK: FINANCIAL INFORMATION IS INACCURATE AS A RESULT OF UNRELIABLE DATA SOURCES

Ref	Sig.	Finding
4		<p>The monthly closedown procedures for the finance business partners do not include checking that the sub-teams such as the Accounts Payable and Credit Control teams have completed all ledger account reconciliations, with all variances investigated.</p> <p>Furthermore, there is no formal monthly checklist for conducting the monthly closedown procedures.</p> <p>Absence of a formal checklist for the monthly closedown procedures and a review of reconciliations may result in key financial data not being verified by Finance. This could give rise to a risk of inaccurate or incomplete financial information being included in financial management information reporting.</p>

## RECOMMENDATION:

Management should produce a checklist for the monthly closedown procedures which includes the need to review whether all ledger account reconciliations have been completed and variances investigated by sub-teams.

## MANAGEMENT RESPONSE:


Management will review the checklist for the monthly closedown.

Responsible Officer: Natalie Ferer

Implementation Date: 01 April 2021

# LONDON SOUTH BANK UNIVERSITY, FINANCIAL MANAGEMENT INFORMATION, CASH FLOW AND LOAN COVENANTS

## RISK: LOAN COVENANTS ARE BREACHED

Ref	Sig.	Finding
5		Appendix 3 Covenant Compliance Check spreadsheet, to the financial management information reported to the Board, does not have details relating to the Security Cover loan covenant populated. There are also no details in the spreadsheet relating to the loan covenant which states that LSBU is not permitted to post a loss position for two consecutive years. Absence of complete reporting of loan covenant compliance gives rise to a risk of the Board being unaware of LSBU trending towards a breach. This could result in the Board being unable to make timely decisions to prevent a breach in covenants.

## RECOMMENDATION:

Management should include complete and up-to-date information within the Covenant Compliance Check spreadsheet on all loan covenants and record progress against compliance with them.

## MANAGEMENT RESPONSE:

The Covenant compliance check will be incorporated into the Monthly Group reporting Pack.

Responsible Officer: Ralph Sanders

Implementation Date: 01 April 2021

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## OBSERVATIONS

### ERRORS WITH THE REVIEWED AND APPROVED CASHFLOW FORECAST

The Office for Students (OfS) identified that there were errors in LSBU's cash flow information in its 2018/19 annual submission. Although the overall cash position was correct, the absolute differences totalled around £72m (but had a net impact of zero) and related to bringing in Lambeth College's assets.

We were informed of an additional issue relating to the production of the cash flow information for prior OfS submissions. This related to changes being made to the downloaded financial data within the Excel-based financial accounting pack which produces the financial statements. These changes were, on one occasion, not also reflected in Agresso, leading to timing errors which were not identified prior to submission to the OfS.

Enquiry with management identified that sufficient controls have since been implemented to prevent both these issues occurring in future OfS submissions. These include acquiring a more appropriate template to allow for the recent acquisition of Lambeth College to be accurately consolidated in the group reporting. In addition, LSBU have now established a strong working relationship with a key contact in the OfS, meaning LSBU can contact this individual to rectify any issues of this nature prior to submission in the future.

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## STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.



Ralph Sanders	Group Director of Financial Planning and Reporting
Rebecca Warren	Head of Financial Accounting
Sally Black	Financial Accountant
John Baker	Finance Business Partner (Financial Planning and Reporting)
Keith Would	Head of Financial Planning and Reporting
Anna Conway	Head of Financial Planning and Reporting (Schools and Research)
Ravi Mistry	Finance and Management Information Systems Manager
Karen McLernon	Head of Performance Analysis

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## APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE

<b>High</b> 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b> 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.



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Low



Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

## APPENDIX II - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

The purpose of the audit is to provide assurance over the controls the University and College have in place to produce relevant, accurate and timely financial management information and monitor their cash flows and loan covenants.

### KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

#### Financial management information

- Management, Group Finance Committee and the Board do not receive financial information which is relevant to their needs, allows them to monitor the University and College's financial performance or allows for effective decision making
- Financial information is inaccurate as a result of unreliable data sources
- Manual adjustments lead to inconsistency or lack of transparency in the financial information reported
- Financial performance reported is out of date or context
- Financial information reported does not allow for poor performance to be identified and corrected in a timely manner
- Reforecasting is not regularly performed and/or is based on inappropriate assumptions

#### Cash flow

- The University's cash flow forecasts are not developed from sound assumptions
- Income and expenditure is not accurately profiled in the cash flow forecasts
- The cash position is not monitored and updated regularly leading to unexpected drawdowns being required and/or not maximising returns
- Planned and actual positions are not reconciled and/or reasons for differences are not understood
- Drawdown periods are not minimised
- Cash flow forecasts are not subject to an appropriate level of review and approval
- Cash flow positions are not reported to an appropriate level within the University in an accurate and timely manner

#### Loan covenants

- Loan covenants are breached

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## SCOPE OF REVIEW:

The following areas will be covered as part of this review:

### Financial management information

- Assess if management and the Board(s) are receiving regular and timely financial information which is relevant to their needs and allows for effective decision making process.
- Assessment of whether there are robust processes in place to generate quality, accurate and reliable financial management information and whether there are suitable controls around any manual adjustments that are made.
- Assessment of whether information reported is supported by appropriate commentary to provide context to allow for appropriate decision making processes.
- Assessment of whether poor performance can be identified and allow for appropriate action to be taken to rectify performance. This will include whether trends in performance is monitored.
- Assess whether reforecasting is regularly performed and assess whether these assumptions are supported by appropriate rationale.

### Cash flow forecasting

- Assessment of the regularity and robustness of cash flow forecasting for the University including:
  - Assumptions used
  - Profiling of income and expenditure
  - Monitoring of cash position
  - Assessing outturn against forecast and understanding reasons for these
  - Strategies for minimising drawdown periods
  - Monitoring of cash flow related loan covenants
  - Review and approval
  - Reporting.

### Loan Covenants

- Assessment of whether appropriate monitoring of loan covenants is taking place, reporting of compliance is taking place at an appropriate level and whether there are early warning flags of potential breaches in place.

Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

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## APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

Specifically, we will assess if management, Group Finance Committee, SBC Board and Group Board are receiving regular and timely financial information which is relevant to their needs and allows for effective decision making process.

A review of the financial information produced will be performed to assess whether it provides a relevant, timely and accurate reflection of the University and College's financial performance.

We will also assess whether there are suitable controls around any manual adjustments that are made.

Through review of the reporting packs to management and boards we will assess if the results are supported by appropriate commentary to provide context on the results and allow for appropriate decision making processes. This will also be confirmed during our interviews.

We will also assess whether poor performance can be identified using management information and whether processes allow for appropriate action to be taken to rectify performance. This will include whether trends in performance is monitored.

We will assess the robustness of the processes management has in place to produce its cash flow forecasts for the University and whether these are being regularly monitored and updated. This will also assess whether loan covenants relating to cash flow are also being reviewed and monitored appropriately.

This will include assessing the assumptions used and whether these are supported by rationale and scrutinised by before being accepted. We will assess whether the profiling of income and expenditure is reflected in cash flow forecasts and whether this aligns to projections.

We will assess whether outturn against forecast is monitored and if so, whether differences in actual forecast are understood. We will also assess whether the University seeks to minimise the periods of time that funds are drawn down for and maximises returns when available.

The monitoring of cash flow related loan covenants will also be reviewed.

The review and approval process will be reviewed together with whether reporting of cash flows is clear and transparent.

We will also review the process in place to monitor and manage loan covenant compliance and assess whether there are appropriate controls in place to ensure that information reported in relation to loan covenants is accurate and timely. We will also assess whether there are any early warning flags in place to identify future potential breaches.

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## DATA ANALYTICS:

We have considered the use of data analytics as part of this audit and the following tests will be performed:

KEY RISKS:	DATA ANALYTICS TO PERFORM:
Data collected and reported is inaccurate as a result of unreliable data sources	We will assess throughout our audit whether data analytics can be used to verify the KPI metrics reported.
Manual adjustments of information reported leads to inconsistency or lack of transparency	Where formulas are used in data reported we will use analytics tools to assess whether any have broken/ been over written/ replaced with hard coded numbers.

We will perform the data analytical work in advance of our site fieldwork. Any exceptions found will be communicated and investigated during our fieldwork.

**FOR MORE INFORMATION:**

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# LONDON SOUTH BANK UNIVERSITY

## INTERNAL AUDIT REPORT - FINAL

UUK CODE COMPLIANCE  
JANUARY 2021



# LONDON SOUTH BANK UNIVERSITY, UUK CODE COMPLIANCE

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## DISTRIBUTION

Nicole Louis	Chief Customer Officer
Rosie Holden	Director of Student Services
Lesley Duffy	Head of Accommodation

## REPORT STATUS LIST

Auditors:	Josh Kellett
Dates work performed:	14 December 2020 - 8 January 2021
Draft report issued:	22 January 2021
Final report issued:	27 January 2021

# LONDON SOUTH BANK UNIVERSITY, UUK CODE COMPLIANCE

## EXECUTIVE SUMMARY

### SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High		
Medium		
Low		

### TOTAL NUMBER OF RECOMMENDATIONS: 2

## BACKGROUND:

In February 2006 University UK (UUK) and the Standing Conference of Principals (SCOP - now Guild HE) released a Code of Practice for the Management of Student Housing (“the Code”). The Code was updated in 2010 and 2019 and outlines best practice and provides benchmarks for the management - and quality - of student housing in the sector.

The Code is intended to serve as one of the approved codes of practice for HE ‘managed and controlled’ accommodation under the Housing Act 2004. This Act introduced a system of licensing for houses in multiple occupation, from which accommodation managed or controlled by higher or further education establishments may be accepted, if managed in conformity with the approved code of practice.

The Code has both mandatory and aspirational elements. The mandatory requirements are those that need to be met were the relevant properties to be subject to licensing under the Housing Act. The mandatory elements of the Code are concerned with fire safety, maintenance of gas and electricity installations, water supply and drainage, toilets, sinks, washbasins, installations for storing food, disposal of refuse and litter, maintenance of common areas (eg yards, gardens), windows and ventilation, repair of internal structure and post boxes.

The Code’s non-mandatory components are aspirational elements that the student housing provider should aim to provide in accordance with best practice. Aspirational aspects of the code include decor and furnishings, convenience and comfort to residents, pest control, recycling, payments, contractual and service level arrangements.

London South Bank University (LSBU) has signed up to the UUK Code, and is therefore required to have internal audit complete a triennial review of compliance with the code for the student residences under its direct control.

Under the terms of the Code, LSBU is required to provide a summary of information to the UUK/Guild HE Code Governance Board, including the relevant sections of the auditor’s report, management’s response and a suitable timescale for addressing the auditor’s recommendations.

LSBU has four halls of residence registered under the Code including; Dante Road Residence (422 of mostly single occupancy flats for between four and six residents), David Bomberg House (296 single-occupancy en suite flats accommodating between three to nine residents) McLaren House (over 600 single occupancy flats for mostly eight students with the majority having en suites) and New Kent Road Residence (83 single occupancy rooms with shared flats of four to six residents).

The purpose of the audit is to provide an opinion on the extent of the University’s compliance with the UUK Code/Guild HE Code of Practice for the Management of Student



# LONDON SOUTH BANK UNIVERSITY, UUK CODE COMPLIANCE

Housing for a sample of two if its halls; David Bomberg Residence and Dante Road Residence.

## SCOPE AND APPROACH:

We conducted interviews to establish what was in place for each of the different areas of Code. A self-assessment check list that has been developed by UUK and this was used to support our fieldwork and assess compliance against each of the requirements.

We reviewed documentation such as the Accommodation Licence Agreement and New Student Residence Handbook to determine whether the information provided to students regarding their tenancies was in line with the requirements of the Code. We also reviewed the University's Health and Safety policy and other related policies such as Fire Safety policy as well as risk assessments and evidence of statutory test requirements being met.

We conducted limited physical inspections of the bedrooms and communal areas within Dante and David Bomberg using video conferencing facilities in order to evaluate compliance with the relevant provisions of the Code. Due to the restrictions imposed due to the Covid-19 pandemic, the bedrooms and communal areas selected to inspect were in void or partially void flats to reduce the risk to both the residents and the staff members undertaking the walkthrough of being in close contact with each other.

## GOOD PRACTICE:

**Weekly fire inspection checks** - weekly fire inspection checks are undertaken and documented at each flat within the Dante and David Bomberg.

**Fire Risk Assessments (FRAs)** - FRAs had been undertaken for both the Dante and David Bomberg in 2020 as part of the annual review process by a GFireE, and MiFPO accredited risk assessor from an independent third party.

**The information on the Code distributed to residents** - The UUK Code is promoted to students in a number of ways, including on the LSBU website, posters in the flat folders provided to all students, the new Residence Handbook provided to all students during induction, on noticeboards and within the Resident's Accommodation License Agreement.

**The added value information that is provided to residents** - A considerable amount of information is available via the new Residence Handbook that is distributed to all students, within the flat folders provided to all residency flats, and on the LSBU website for matters such as access to public transport, and local events attractions.

**Ethical, Diversity, and Inclusion training** - For all LSBU staff the EDI training online e-module is a compulsory module all new starters must be complete.

## KEY FINDINGS AND CONCLUSION

LSBU is able to demonstrate compliance with 87 of 89 essential elements and 12 of 12 desirable elements of the UUK Code. We have raised two findings (both of medium significance) to reflect the two areas of the code where LSBU is unable to demonstrate full compliance with the requirements.


These relate to the lack of portable appliance testing (PAT) policy that would define what portable appliances require testing and how often the testing should place and the lack of defined timescales in which actions arising from fire risk assessments should be implemented.

As this is a compliance review we have not provided an opinion on the design or effectiveness of the controls.

# LONDON SOUTH BANK UNIVERSITY, UUK CODE COMPLIANCE

## DETAILED FINDINGS

### RISK: HEALTH & SAFETY STANDARDS AND PROCEDURES

Ref	Sig.	Finding
1		<p><i>Component 2.18 (mandatory) - All portable appliances supplied by an H/FEE, or used in the premises by H/FEE staff, must be inspected and maintained in accordance with an establishment's Portable Appliance Testing (PAT) policy. Where arrangements exist for the testing of students' personal electrical equipment these should be set down in the PAT policy. The H/FEE must make students aware of the PAT policy, and any procedure for having students' personal electrical equipment tested.</i></p> <p>There is no PAT policy in place at LSBU that defines which portable equipment must be subject to testing and how often this testing is to be undertaken.</p> <p>Neither PAT asset registers for Dante nor David Bomberg include dates of when the equipment had been last tested or when the next test date was scheduled for. We did confirm that testing took place in December 2020.</p> <p>Without a policy setting The risk is without adequate and up to date recording of PAT, some of the assets may not be tested in accordance with statutory requirements or component 2.18 of the Code.</p>

### RECOMMENDATION:

A PAT policy should be introduced which includes testing requirements for equipment in the halls. The policy should detail what portable appliances must be tested and how often each piece of equipment requires testing.

The PAT asset registers should be updated to reflect the last time each asset has been reviewed and the next test date.

In accordance with the UUK Code the PAT policy should be distributed to all residents.

### MANAGEMENT RESPONSE:

The following action is being taken: a PAT Policy is being drafted for approval by the Group Health and Safety Joint Committee. The Policy will include testing requirements for equipment in halls including what portable appliances must be tested and how often each piece of equipment requires testing.

The PAT asset registers will be updated to reflect the last time each asset has been reviewed along with the next test date.


The PAT Policy will be distributed to all residents.

Responsible Officer: Ben Baker and Lesley Duffy

Implementation Date: HSR will share the draft PAT Policy with the Group Health and Safety Joint Committee for approval at the next meeting on 15 June 2021.

# LONDON SOUTH BANK UNIVERSITY, UUK CODE COMPLIANCE

## RISK: HEALTH & SAFETY STANDARDS AND PROCEDURES

Ref	Sig.	Finding
2		<p><i>Component 2.5.2 (mandatory) - All physical works and other management actions identified within the most recent Fire Risk Assessment (FRA) must be completed or have demonstrable mitigating actions in place, in accordance with the allocated priority and proposed time scales.</i></p> <p>The FRAs were undertaken for both the David Bomberg and Dante as part of the annual review requirement in July and August 2020 respectively. 25 and 58 remedial actions were raised respectively within the FRAs and were assigned to the Residence Customer Service Managers to implement.</p> <p>The Fire Safety policy does not set out timescales for completing actions arising from FRAs. Furthermore, timescales are not included within FRAs or within the FRA trackers.</p> <p>We also found that trackers were not always fully updated with progress (some were marked as pending when they had been completed) or with mitigating actions.</p> <p>At the time of our review, we saw progress being made to implement actions, with 13 and ten (respectively) remaining outstanding. However, if timescales are not defined and trackers are not up-to-date then monitoring of actions may be ineffective.</p>

### RECOMMENDATION:

The Fire policy should be updated to include indicative timescales for implementing actions arising from FRAs based on their priority.  
 All FRA actions should be assigned timescales based on their priority level.  
 FRA trackers should be kept up-to-date with progress and monitoring against the timescales set should take place.

### MANAGEMENT RESPONSE:

LSBU's Fire Risk Assessment process includes a RAG rating of each action along with a timescale for completion based on the allocated priority. In addition, a quarterly update on completion of FRA actions is requested at the Group Health and Safety Joint Committee.

In order to ensure that actions identified in FRAs are completed in accordance with allocated priority and associated timescales, the following action is being taken: the FRA template and tracker will be reviewed to ensure prominence and visibility of allocated priority and timescale.

A monthly monitoring process will be established for FRA actions between HSR, Estates, and Accommodation to ensure that trackers are up to date.

The terms and reference for the Group Health and Safety Joint Committee will be updated to formally include a requirement for a quarterly report outlining completion of FRA actions according to allocated priority and timescale.

Responsible Officer: Ben Baker and Lesley Duffy

Implementation Date: FRA and tracker review and monthly monitoring process to be implemented by 31 March 2021. Terms of reference for Group Health and Safety Joint Committee to be updated for next meeting on 15 June 2021.

# LONDON SOUTH BANK UNIVERSITY, UUK CODE COMPLIANCE

## OBSERVATIONS

### ELECTRICAL INSTALLATIONS

**Component 2.16 (mandatory)** - All building electrical installations must be inspected and tested in accordance with statutory requirements, and the results recorded in an appropriate register.

To comply with the statutory requirements, each hall of residence should be tested every five years. The last fixed wire installation inspection at David Bomberg was undertaken between 22 June to 1 July 2015.

An inspection was scheduled to take place during the Summer of 2020, to ensure compliance with statutory requirements. However, this was delayed due to restrictions imposed relating to the Covid-19 pandemic. We received the purchase order to confirm an inspection has been booked and that the work is scheduled to take place on 18 January 2021. Therefore we have not raised a finding. However, the current electrical inspection is over five years' old.

### FIRE EVACUATION DRILLS

**Component 2.9 (mandatory)** - Fire evacuation practices must be conducted at least once at the beginning of each academic year in accordance with arrangements for particular buildings, fire detection systems and the local fire authority. A record must be maintained.

Evidence was provided to confirm that fire drills were undertaken at both Dante and David Bomberg at the beginning of the 2020/21 academic year. A check list should be completed by the members of staff responsible for the fire drills to confirm the residents that had individually evacuated, whether rooms were empty on review, and to track cases of when individuals did not evacuate.

The check list had been fully completed for the Dante evacuation in 2019/20 and 2020/21 and the 2019/20 David Bomberg evacuation. However, for the 2020/21 evacuation of the David Bomberg there was no record to confirm whether each student had evacuated their room or not.

A cover sheet was provided to evidence that the evacuation had taken place, and included the percentage of residents that did evacuate during the inspection. Therefore, we have not raised a finding. However, if LSBU's processes require each of the halls of residence to complete a flat and room by room check list to document the evacuations compliance with this requirement should be monitored.

# LONDON SOUTH BANK UNIVERSITY, UUK CODE COMPLIANCE





## STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.




Alexander Huda	Residence Customer Service Manager, Dante
David Morgan	Residence Customer Service Manager, David Bomberg
Lesley Duffy	Head of Accommodation
Nicole Louis	Chief Customer Officer - LSBU Group
Rosie Holden	Director of Student Services (Wellbeing, Sport, and Employability)

# LONDON SOUTH BANK UNIVERSITY, UUK CODE COMPLIANCE

## APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE

<b>High</b> 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b> 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b> 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# LONDON SOUTH BANK UNIVERSITY, UUK CODE COMPLIANCE

## APPENDIX II - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

The purpose of the audit is to provide an opinion on the extent of the University's compliance with the UUK Code/Guild HE Code of Practice for the Management of Student Housing for David Bomberg Residence and Dante Road Residence.

### KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Halls of residence may not be adhering to the requirements of the Code, and therefore good management practice and benchmarks
- Halls of residence are not compliant with the Code may be removed from the UUK/SCoP Code Managing Committee schedule of registered student accommodation and may be reported to the local housing authority for mandatory licensing of its accommodation.

### SCOPE OF REVIEW:

We will review the documentary evidence retained by the University to demonstrate that it is compliant with the requirements of the Code for a sample of two of its four student accommodation.

The review will seek to assess if the University is in compliance with the mandatory elements of the Code, and follows good management practice in respect of its student housing, in accordance with the desirable elements of the Code.

This will include physical inspection of rooms and kitchens at a sample of halls of residence within both complexes. However, this will be performed using video conferencing facilities.

The evaluation will be of compliance arrangements with current UUK/Guild HE guidance, including:

- Health and Safety standards and procedures
- Repair and maintenance management
- Environmental quality
- Landlord and tenant relationships
- Health and wellbeing
- Anti-social behaviour and disciplinary procedures.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

# LONDON SOUTH BANK UNIVERSITY, UUK CODE COMPLIANCE

## APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

A guidance self-assessment checklist has been developed in line with the Code to assist auditors in the compliance assessment which covers mandatory and non-mandatory elements. This checklist will be used in the review.

We will conduct limited physical evaluation and inspection of premises for a sample of halls using video conferencing facilities.

The President of the Students' Union will be offered an interview so we can gain feedback on their perceptions of how the code is being promoted.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

## DATA ANALYTICS:

Data analytics are not considered appropriate for this audit.



FOR MORE INFORMATION:

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# LONDON SOUTH BANK UNIVERSITY

## INTERNAL AUDIT REPORT - FINAL

COVID-19 RESPONSE  
DECEMBER 2020

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Substantial



# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE

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## DISTRIBUTION

Ed Spacey	Acting Director of Group Assurance
Pat Bailey	Provost
Fiona Morey	Executive Principal
Dan Cundy	Executive Principal South Bank Academies



## REPORT STATUS LIST

Auditor:	Ashvin Seerauj
Dates work performed:	21 September 2020 - 06 October 2020
Draft report issued:	28 October 2020
Final report issued:	2 December 2020

# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE

## EXECUTIVE SUMMARY

### LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design		Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness		The controls that are in place are being consistently applied.

### SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High		
Medium		
Low		

### TOTAL NUMBER OF RECOMMENDATIONS: 2

### BACKGROUND:

An internal audit of Covid-19 response was included within Internal Audit Plan for 2020/21 to focus on the plans the Group has in place to reopen its campuses and how it will monitor compliance.

The Group has implemented a wide range of protective measures in its buildings including one-way systems, social distancing signage and barriers, screens at receptions, additional cleaning of frequently touched areas and hand sanitiser stations. These arrangements have been designed to follow UK Government guidance on safe workplaces and the Group has publicly declared that its buildings are Covid secure and that it was confident on measures implemented/ being initiated on an ongoing basis across the group aligned with recommended government guidance. Whilst the main source of guidance across the Group, especially LSBU, was derived from the Department of Education, the college and schools kept themselves abreast with external educational advisory bodies such as the Association of School and College Leader (ASCL).

Covid specific risk registers have been implemented across the Group to record newly identified risks/ guidance and monitor their progress against these. LSBU has adopted a project based approach in this regard, given the complexity of its operations and recently appointed a Project Manager who monitors the status of implementation of agreed measures on an ongoing basis. On the other hand, the college and schools relied more on face to face interactions with key remedial action owners and used the excel based Covid risk register to track and record implementation status of agreed upon measures in line with Government issued guidance.

Committees including the Recovery and Return to Campus Task & Finish Groups have been established at LSBU which serves as a crucial basis for management to be abreast with latest Covid-related developments, discuss communication requirements and identify ad hoc delays/ challenges being encountered vis-à-vis implementation of identified remedial actions. Whilst the overarching responsibility of LSBU's Covid response falls on the Provost and Acting Director of Group Assurance for LSBU, responsibility to drive this process sits with the Executive Principals of the college and the schools respectively.

LSBU and the College have recently implemented an application called Safe Zone as part of its track and trace procedure. The application is intended to supplement the NHS Test and

# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE

Trace service further. It can be downloaded and used by all students and staff to allow them to share their location with LSBU and the College.

Whilst considerable work to mitigate Covid-related risks have been performed on reopening in the new academic year, risk assessments have been produced centrally based on best practice in the sector, scrutinised and approved by the Board, and are regularly updated in the light of further guidance issued.

Significant staff input and training has been put in place at the start of the academic year before the term started. This has supported a clear understanding of operational arrangements as well as expectations and systems. Time and resources have been made available to support staff being ready and feeling comfortable in what is a very different working environment. Additional training has been put in place to support staff preparedness and wellbeing.

The purpose of the audit was to provide assurance over the arrangements the Group has in place to support the reopening of its campuses following the Covid-19 restrictions.

## SCOPE AND APPROACH:

Our approach consisted of interviews conducted to establish the controls in operation for each areas of audit work. We sought documentary evidence that these controls were designed as described and evaluated these controls to identify whether they adequately addressed the risks. We obtained evidence of the satisfactory operation of the controls to verify the effectiveness of the control through the use of a range of tools and techniques.

We covered the following areas as part of this review

- Alignment of arrangements with Government guidance
- Risk management processes relating to Covid-19 risks
- Roles, responsibilities and decision making processes in relation to business continuity in the event of a second spike
- Communications to staff and students
- Information and advice provided to staff and students
- Identification, reporting and management of infections/ incidents including use of the Safe Zone app
- Monitoring and reporting of compliance arrangements.

Due to Covid-19 restrictions the audit was performed remotely and therefore no site visits or visual verifications were made.

## GOOD PRACTICE:

The following areas of good practice were identified during the audit:

- Senior management at LSBU, College and schools were abreast with latest issued government guidance through subscriptions to sites such as GOV.UK/ Department of Education (DFE) and NHS. Furthermore, they were in regular contact with external educational advisory bodies such as the Association of School and College Leader (ASCL). Latest guidance and identified best practices were translated into written policies/ procedures and communicated before being disseminated to staff members and students. These documents included links to external websites for further details of Government issued guidance. At time of our review, latest Government issued guidance had been identified in a timely manner and discussed by management.
- Covid-specific risk registers have been established for each entity. These set out key risks and remedial actions aimed at ensuring adherence to government issued guidance and identified best practices. Whilst the Covid risk registers are internally reviewed and discussed by the Executive Principals at the College and schools, risks

# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE

and remedial actions have been translated into work-streams which are currently being tracked using a project-based approach at LSBU.

- Management at LSBU has established a committee which meets from Monday to Thursday, called the Recovery and Return to Campus Task & Finish Groups. Minutes of meetings highlighted that these platforms served as a crucial basis for management to be abreast with latest Covid-related developments, discuss communication requirements and identify ad hoc delays/ challenges being encountered vis-à-vis implementation of identified remedial actions. The Covid Risk Register is usually tabled for discussion alongside feedback received from the Project Management team in these meetings.
- Regular communication, advice and information are disseminated by the Communications team/ Executive Principals to staff and students across the Group. These communications are heavily focussed on adherence to safety and hygiene measures including face covering and social distancing, wellbeing and mental health, return to campus guidance and frequently asked questions (FAQs) around the return to campus. Communications specifically aimed at encouraging staff members and students to download and use the Safe Zone App have already been disseminated at LSBU and has resulted in growth in the number of downloads.
- Staff and student surveys have been conducted at LSBU to gather feedback over concerns they may have and to assess adequacy of measures being implemented at LSBU. Feedback was submitted to the Communications team as well the Recovery Group. Following this, additional communications to address concerns identified were issued. As per the Students' Union President, feedback obtained from students was overall positive.
- A Covid-19 Response Procedure has been implemented across the Group and is being followed in event of any suspected or confirmed Covid infections and management across the different institutions are aware of the procedures set out in this document. Covid infection rates are currently being monitored by Health & Safety Officers using Excel trackers and confirmed cases were timeously reported to the Public Health Protection Department. .
- Site visits are performed by the Group Health & Safety team members across the Group to inspect measures surrounding cleanliness, handwashing and hygienic facilities available, ventilation and adherence to social distancing/ face covering. These reports identify that overall a lot of work and good practices had been made/ implemented to ensure the campus is COVID-19 safe. In addition to these internal inspections, LSBU was also inspected by representatives from the Cambridge Education Group who provided feedback and overall, was positive.

## KEY FINDINGS:

We have identified two findings of medium significance. These relate to the following:

- An exercise aimed at assessing readiness to deliver online courses under a Tier 3/ 4 scenario has been initiated at LSBU. Whilst progress was noted, management at LSBU still need to finalise the review around feasibility of online course delivery for around 13% of its offered courses, specifically clinical and practice-based classes which, in comparison to the courses already assessed, pose significant challenges.
- A Business Continuity/ Incident Response Readiness Assessment Plan to identify/ address risks arising from a potential second lockdown has not formally been established at the College or the schools.

## CONCLUSION:

In light of recent guidance issued by the Government/ Department for Education (DfE) which was heavily centred on implementation of precautionary health and safety measures whilst ensuring a smooth return to campus/ schools, LSBU Group has undertaken significant amount

# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE

of action to adhere to these. This has been underpinned by having Covid-19 risks registers in place and the creation of work-streams to track status of remedial actions to ensure ongoing adherence with latest recommended guidance and best practices.

Whilst there was an increased focus on 'return to campus', some elements of sound contingency planning have not been completed, which revolve around completion of the assessment for online delivery of courses at LSBU and formalisation of a Business Continuity/ Incident Response Readiness Assessment Plan for both the College and the schools. Given the uncertainty level caused by the ongoing Covid-19 pandemic which might lead operations at Tier 3 or 4, LSBU Group may benefit from increased/ enhanced contingency planning which should run in parallel to current measures being implemented to mitigate risks arising from Covid-19.

As a result, we are able to provide a moderate assurance over the design and substantial assurance over the arrangements the Group has in place to respond to Covid-19 risks.


## OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

- ✓ The Group's approach does not adhere to government/ESFA guidance/best practice
- ✓ New risks are not identified and/or ongoing risks are not appropriately managed
- ✓ Lack of clear and consistent communications to staff and students/Inaccurate, unclear and inconsistent advice is provided to staff and students
- ✓ Incidents/ infections of COVID-19 are not identified and remedial action undertaken in a timely manner leading to further outbreaks
- ✓ Lack of monitoring and reporting of compliance

# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE

## DETAILED FINDINGS

RISK: ROLES, RESPONSIBILITIES AND DECISION MAKING PROCESSES ARE UNCLEAR AND/OR HAVE NOT BEEN EFFECTIVELY COMMUNICATED LEADING TO INCONSISTENT DECISIONS AND/OR UNCLEAR MESSAGES BEING PROVIDED TO STAFF AND STUDENTS

Ref	Sig.	Finding
1		<p>The urgent imperative to move online, caused by the recent Covid-19 pandemic, prompted LSBU to initiate an exercise to determine and assess the feasibility, readiness and challenges involved in delivering online courses rather than face to face learning. Whilst this exercise was initiated at start of spring 2020, it is currently still ongoing, this assessment has not been finalised for 13% of overall courses<sup>1</sup> being delivered at LSBU.</p> <p>Based on latest statistics obtained and reviewed the following courses remain unassessed:</p> <ul style="list-style-type: none"> <li>• School of Health and Social Care (non-completion rate of 50% - 23 out of 46 courses)</li> <li>• School of Arts and Creative Industries (non-completion rate of 25% - five out of 20 courses)</li> <li>• School of The Built Environment and Architecture (non-completion rate of 18% - 13 out of 72 courses).</li> </ul> <p>We were informed that courses delivered by these faculties pose the highest level of challenge for transition to online-delivery as inherently, they require a certain degree of face-to-face coaching and/or support and hence are still in process of being assessed for online delivery. Examples of these courses included Nursing, Architecture and Arts.</p> <p>In light of the impending risk of a second wave, the lack of defined plans to deliver courses within a Tier 3 or 4 (remote) model might lead to LSBU being unable to deliver these courses, impact on students' morale and LSBU's reputation. It may also need to be recognised that there are courses/ aspects of courses that cannot be delivered remotely and the course may need to be restructured to accommodate a remote environment or that the University needs to agree to not offer the course for a period of time.</p>

<sup>1</sup> For the purpose of this computation, we excluded courses with FA Rating '0' which are courses of lower priority.



# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE

## RECOMMENDATION:

Management should finalise the exercise surrounding the courses' online-delivery assessment and specifically target clinical or practice-based classes. Management should equally consider factors including quality/ standard of e-learning materials, impact on assessments/ exams, duty of care towards staffs/students (health and wellbeing), accessibility to IT tools and requirement for imperative face to face coaching.

In so doing, management should consider incorporating this assessment exercise to the work-streams, which would formally be reviewed at the Recovery Group meetings. Management should formally define and log identified challenges to enable transition of these courses for online delivery before identifying appropriate remedial actions to mitigate these challenges/ risks. Due consideration should be paid to risk imposed by the impending second Covid-19 wave when determining expected timing for completion of this assessment.

## MANAGEMENT RESPONSE:

The exercise surrounding online delivery assessment of these remaining courses is underway and is expected to be concluded by 7 December. Progress will be monitored and reported through the Recovery Operations Group, and accounted for within work stream highlight reports. These will be submitted to the Executive Recovery Group.

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Responsible Officer: Craig Barker, Dean of School of Law and Social Science

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Implementation Date: 7 December 2020

# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE

RISK: ROLES, RESPONSIBILITIES AND DECISION MAKING PROCESSES ARE UNCLEAR AND/OR HAVE NOT BEEN EFFECTIVELY COMMUNICATED LEADING TO INCONSISTENT DECISIONS AND/OR UNCLEAR MESSAGES BEING PROVIDED TO STAFF AND STUDENTS

Ref	Sig.	Finding
2		<p>Whilst discussions surrounding the potential transition from Tier 1/2 to Tier 3/4<sup>2</sup> (under the Group's tier definitions) have occurred through e-mail exchanges between the Executive Principals and the Health &amp; Safety Officers/ Head of Departments and discussed in Recovery Group meetings, a Business Continuity/ Incident Response Readiness Assessment Plan to identify/ address risks arising from a potential second lockdown has not formally been established at the College or schools. The focus has mainly been around the return to campus/ school in line with the latest Department for Education (DFE) guidance issued.</p> <p>The purpose of a Business Continuity/ Incident Response Readiness Assessment Plan, in this case, aims at protection of its staff members and reduce level of potential interruptions to learning for students and usual business operations, as well as allowing for efficient and proven recovery efforts. The absence of this plan may, hence, hinder the smooth delivery of learning and continuity of operations.</p>

## RECOMMENDATION:

Management at College and the schools should initiate a process to identify and record risks/ challenges which it could face specifically in light of a second lockdown which would imply operating at a tier 3 or 4 level. Management should, hence, consider managing this via a work-stream which would translate into a formally documented Business Continuity/ Incident Response Readiness Assessment Plan.

Whilst a different environment, LSBU could share its Business Continuity/ Readiness Assessment Plans templates and guidance/ learnings, which could be tailored to suit the College and the schools' specific requirements.

## MANAGEMENT RESPONSE:

SBC and SBA have previously had to operate at enhanced tiers and have based their arrangements and preparedness directly around compliance with DFE published criteria. The SLT in each institution will now record readiness assessment and lessons learned in a specific structured document.

Responsible Officer: Ben Baker, Group Health and Safety Manager

Implementation Date: 11 December 2020

<sup>2</sup> Tier 1/2 implies medium or high level alert whereby educational institutions may continue to deliver face to face courses (Tier 1) or a blend of online and socially distanced teaching (tier 2). Tier 3 or 4 implies very high risk (potential complete lock down) whereby only online teaching would apply.

# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE

## OBSERVATIONS

### CENTRALISED PPE PROCUREMENT

Procurement of personal protective equipment (PPE) is currently decentralised. LSBU, College and the schools are responsible for identifying their own PPE requirement and subsequently procure. The recommendation for centralisation of PPE procurement was discussed with management at time of our audit. Management explained that the low volume of PPE requirement for the College and the schools would not necessarily provide additional cost savings but would necessitate storage set up and distribution logistics, which would outweigh the marginal benefit from a centralised procurement approach.

### MONITORING OF SAFE ZONE APP IMPLEMENTATION

The Safe Zone App was introduced early September 2020 at LSBU. As at 30 September 2020, 1,050 students had already downloaded and used the app. Aimed at encouraging further downloads, the LSBU Communications team has issued a number of communications targeted to staff and students. As the Safe Zone App is currently being rolled out at the College and at time of our review, no statistics were available for review, and communication requirements were still being discussed. In order to reap optimum efficiency of this application, the number of students who have downloaded the App needs to be maximised, although this needs to be through encouraging students to see the benefits as downloading the App cannot be made mandatory.

It should be acknowledged that the App is supplementary to other processes the Group has in place to identify where the student has been and who they have come into contact with.

### EXTENSION OF PROJECT MANAGEMENT (WORK-STREAM) APPROACH

LSBU has recently (since Semester 1) adopted a project management approach in its response to management of Covid-risks. Risks alongside their relevant agreed upon remedial actions have been translated into different work-streams which have been logged and currently being tracked using the MS Project Tool. This is supported by a recently recruited project manager who regularly feeds results and status to the Recovery Group. This approach was implemented at LSBU due to its inherent complexity and size in comparison to the College and the schools. Although, there are currently no plans of implementing this approach for the College and the schools, management may wish to consider implementing a scaled down version of the work stream approach.

# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE





## STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.




Ruth Arrola	HS Officer Lambeth
Pat Bailey	Provost
Ben Baker	Group HS Manager
Alex Bush	Director of People
Dan Cundy	Executive Principal South Bank South Bank Academies
Rosie Holden	Director of Student Services
Irene Mensa-Bonsu	Project Manager
Fiona Morey	Executive Principal
Carol Rose	Executive Director of Estates and Academic Environment
Ed Spacey	Acting Director of Group Assurance
Hattie Tollerson	SU President
Claire Melia Tompkins	Senior Manager Communications & Engagement
Anna Wainwright	Director of OD/LD

# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE

## APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE

<b>High</b> 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b> 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b> 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# LONDON SOUTH BANK UNIVERSITY, COVID-19 RESPONSE

## APPENDIX II - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

The purpose of the audit is to provide assurance over the arrangements the Group has in place to support the reopening of its campuses following the Covid-19 restrictions. This will review Group's response policies and procedures and monitoring of compliance with the new ways of working.

### KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- The Group's approach does not adhere to government/ESFA guidance/best practice
- New risks are not identified and/or ongoing risks are not appropriately managed
- Roles, responsibilities and decision making processes are unclear and/or have not been effectively communicated leading to inconsistent decisions and/or unclear messages being provided to staff and students
- Lack of clear and consistent communications to staff and students
- Inaccurate, unclear and inconsistent advice is provided to staff and students
- Incidents/ infections of COVID-19 are not identified and remedial action undertaken in a timely manner leading to further outbreaks
- Lack of monitoring and reporting of compliance

### SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Alignment of arrangements with Government guidance
- Risk management processes relating to Covid-19 risks
- Roles, responsibilities and decision making processes in relation to business continuity in the event of a second spike
- Communications to staff and students
- Information and advice provided to staff and students
- Identification, reporting and management of infections/ incidents including use of the Safe Zone app
- Monitoring and reporting of compliance arrangements.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit.

### APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

### DATA ANALYTICS:

Data analytics are not considered appropriate for use in this audit.

FOR MORE INFORMATION:

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