

Minutes of a Meeting of the Audit Committee
Held at 4pm on Thursday, 31 October 2013
In room 1B27, Technopark, London Road, London, SE1

Present

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

External Auditors

David Barnes	Grant Thornton
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Internal Auditors

David Wildey	PricewaterhouseCoopers
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In attendance

Prof Phil Cardew	Pro Vice Chancellor (Academic)
Prof Martin Earwicker	Vice Chancellor and Chief Executive
Natalie Ferer	Financial Controller
Richard Flatman	Executive Director of Finance
Ian Mehrtens	Executive Director of Corporate Services (<i>for minutes 1-6</i>)
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Officer

Welcome and apologies

1. Apologies had been received from Mee Ling Ng and Justin Martin (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 26 September 2013 were approved (paper **AC.54(13)**). The minutes were approved for publication subject to the proposed redactions.

Matters arising

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

ICT security update

5. The committee noted an update on ICT security from the Executive Director of Corporate Services following the internal audit report considered at their meeting of 13 June 2013 (minutes 13-14 refer) (paper **AC.55(13)**).
6. The committee expressed concern about progress and requested an update prior to the next meeting and at the next meeting.

Ian Mehrrens left the meeting

Audit findings

7. The committee discussed the audit findings document prepared by Grant Thornton, external auditors in detail (paper **AC.56(13)**). It was reported that the audit was substantially complete and that no material weaknesses had been identified.

Internal audit annual report

8. The committee noted the final internal audit annual report (paper **AC.57(13)**). The final report was unchanged from the draft which had been considered in detail at the previous meeting.

Pension assumptions

9. The committee discussed the pensions assumptions used for the FRS17 report (paper **AC.58(13)**). It was reported that the assumptions had been agreed in principle at the previous meeting subject to benchmarking analysis. The discount rate had been reviewed against benchmarking produced by Grant Thornton and remained unchanged. The committee approved the assumptions.
10. The committee requested that indicative pensions assumptions are discussed at their June meeting each year.

Going concern review

11. The committee noted the “going concern” review (paper **AC.59(13)**). The review supported the going concern statement in the annual report and accounts. The committee welcomed the review.

Draft report and accounts 2012/13

12. The committee reviewed the draft report and accounts for 2012/13 (paper **AC.60(13)**). It was reported that the University made a surplus of £5.5m for the year after accounting for a £0.6m exceptional item relating to the divestment of the Students’ Union. The underlying surplus of £6.1m was well ahead of the forecast surplus of £2.5m.
13. The preparation of an income and expenditure account for the university (not for publication) as a control to ensure that final adjustments in respect of grant aid are processed correctly would be considered.
14. The note to the accounts on related party transactions would be reviewed.

Letter of representation

15. The committee discussed the letter of representation to the auditors (paper **AC.61(13)**). The committee noted that the letter contained standard representations only and that no items had been inserted specific to LSBU.

Students’ Union accounts 2012/13

16. The committee noted the students’ union (SU) accounts for 2012/13 (paper **AC.62(13)**). As the SU was now a separate entity from the University, their accounts were no longer consolidated into the University accounts.
17. The educational character committee would review the relationship with the SU at a future meeting.

External audit performance

18. The committee noted that Grant Thornton, the external auditors, had achieved all of their agreed key performance indicators (paper **AC.63(13)**).

Review of non-audit services

19. The committee that during the year 2012/13 Grant Thornton had provided corporate tax advisory services with a value of £3,972 (paper **AC.64(13)**). This work was carried out by an engagement team completely separate from the audit team.

Internal controls – annual review of effectiveness

20. The committee noted the annual review of effectiveness of internal controls (paper **AC.65(13)**). The review underpins the statement of internal control in the statutory accounts. The final report was unchanged from the draft which had been considered in detail at the previous meeting.

Internal audit progress report

21. The committee noted a progress report on internal audit work (paper **AC.66(13)**).

Internal audit report – Extenuating circumstances, academic appeals and other processes that could result in a student complaint to the Office of the Independent Adjudicator

22. The committee noted the internal audit report (paper **AC.66(13)**). The report noted that there were areas to improve on to achieve best practice regarding extenuating circumstances, academic appeals and other processes that could result in a student complaint to the Office of the Independent Adjudicator. Overall, no fundamental concerns were raised by the review. The educational character committee would continue to monitor best practice in handling academic appeals, student complaints and OIA issues.

Annual value for money report

23. The committee noted the annual value for money report (paper **AC.67(13)**) which demonstrated that the university had delivered value for money during 2012/13.

Draft audit committee annual report

24. The committee discussed the draft audit committee annual report (paper **AC.68(13)**). The committee's main concern was around ICT security following a high risk internal audit report and progress against this would continue to be monitored.

25. The committee approved the report subject to further assurances being provided on the management and quality assurance of data submitted to HESA and HEFCE.

Anti-fraud, bribery and corruption report

26. The committee noted the anti-fraud, bribery and corruption report (paper **AC.70(13)**). The executive were not aware of any instances of fraud, bribery or corruption since the last meeting.

Speak up report

27. The committee noted the speak up report (paper **AC.71(13)**). No matters had been raised under the speak up policy since the last meeting.

Matters to report to the Board

28. The committee noted that the annual report and accounts and the audit committee annual report would be reported to the Board meeting of 21 November 2013.

Date of next meeting

29. It was noted that the next meeting would be at 4pm on Thursday, 6 February 2014.

There being no further business, the meeting concluded.

Confirmed as a true record:

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Chairman