

Minutes of a Meeting of the Audit Committee
Held at 4pm on Thursday, 27 September 2012
In Room 1B33, Technopark, London Road, SE1

Present

Mr A Owen	Chairman
Mr S Balmont	
Mr D Denham St Pinnock	

Observer

Ms S Patel	Prospective co-opted member
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External Auditors

Mr S Banerjee	Grant Thornton
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Internal Auditors

Mr J Martin	PricewaterhouseCoopers
Mr D Wildey	PricewaterhouseCoopers

In attendance

Prof M Earwicker	Vice Chancellor
Dr P Cardew	Pro Vice Chancellor (Academic)
Ms N Ferer	Financial Controller
Dr A Fisher	Academic Registrar (<i>for minute 14</i>)
Mr R Flatman	Executive Director of Finance
Ms B Jullien	Pro Vice Chancellor (External) (<i>for minutes 1-9</i>)
Ms J Parsons	Director of Internationalisation (<i>for minutes 1-9</i>)
Mr J Stevenson	University Secretary and Clerk to the Board of Governors
Mr M Broadway	Governance Officer

Welcome and apologies

1. The committee welcomed Shachi Patel to her first meeting of the Audit Committee. The Board would be asked to formally appoint Ms Patel as a co-opted member of the committee at its meeting of 3 October 2012.
2. No apologies had been received.

Declarations of Interest

3. No interests were declared in any items on the agenda.

Minutes of the last meeting

4. The minutes of the meeting held on 20 June 2012 were approved. The minutes were approved for publication subject to the proposed redactions.

Matters Arising

5. It was noted that the follow up on failure rate of reconciliation between cash banked and cash sheets (minute 17 of 20 June 2012 refers) was covered in the continuous auditing paper (**AC.42(12)**).
6. It was noted that the Students' Union accounts would be consolidated into the University's for the 2011/12 financial year but that this position may change next year (minute 36 of 20 June 2012 refers).

UK Border Agency Audit

7. The committee discussed the report on LSBU Tier 4 compliance and the UK Border Agency audit visit of 14 June 2012 (paper **AC.38(12)**). The committee noted that the audit was positive and that the University had received formal notice that its Highly Trusted Status licence had been renewed for the next four years.
8. The committee noted that the Executive took a proactive approach to delivering requirements in line with changing demands from the UK Border Agency. The committee requested to be kept up-to-date of changes in the process.
9. It was noted that the University were participating in a temporary clearing procedure to offer courses to bona fide students from London Metropolitan University following the revocation of their Highly Trusted Status licence from the UK Border Agency, but that this was dependent on whether their judicial review was favourable.

Ms B Jullien and Ms J Parsons left the meeting

Internal Audit Annual Report

10. The committee discussed the draft Internal Audit annual report (paper **AC.43(12)**) which gave a positive assurance opinion that the University has adequate and effective arrangements to address the risk that management's objectives are not achieved in respect of risk management, control and governance and value for money arrangements. The report included

specified areas for improvement. It was noted that in the areas assessed by continuous audit the controls have improved this year.

11. It was noted that a final version of the report would be submitted to the committee at its meeting of 30 October 2012.

Internal Audit Progress Report

12. The committee discussed the internal audit report (paper **AC.39(12)**), which documented progress since the last Audit Committee meeting. It was noted that all recommendations had been implemented by management. The 2011/12 plan had been completed and work was beginning for the 2012/13 plan.

Internal Audit Report - Research

13. The committee discussed and noted the internal audit report on research which was rated as medium risk (paper **AC.40(12)**).

Dr A Fisher entered the meeting

Internal Audit Report – Student Data Quality

14. The committee discussed the internal audit report on student data quality which was rated as high risk (paper **AC.41(12)**) and the update on the HESA improvement project (paper **AC.46(12)**). The committee noted that significant steps had been taken to improve student data quality and that the University would be able to submit satisfactory data to HEFCE in 2012.
15. In response to a governor's query whether computer-aided controls could be applied to the data, it was reported that the new Chief Information Officer would be reviewing the tools available.

Dr A Fisher left the meeting

Quarter 3 Continuous Auditing

16. The committee noted the quarter 3 continuous auditing report (paper **AC.42(12)**) and an update on quarter 4 continuous auditing. It was noted that the majority of quarter 4 work had been completed and it was likely that payroll would improve to an amber rating, accounts payable would improve to green, accounts receivable would be amber or green and that cash and student financial data would remain as green. It was reported that currently

no findings in quarter 4 would alter the opinion of the internal audit annual report.

Continuous Auditing Terms of Reference

17. The committee discussed and approved the terms of reference for continuous auditing for 2012/13 (paper **AC.43(12)**).

Review of Internal Controls

18. The committee discussed the annual review of internal controls (paper **AC.45(12)**), which would be used to underpin the Statement of Internal Control in the statutory accounts. Based on this review a full compliance statement would be made in the accounts.
19. It was noted that the External Auditors would review the Statement of Internal Control as part of their audit of the accounts. A final version of the review of internal controls would be submitted to the committee at its meeting of 30 October 2012.

FRS17 Pension Assumptions

20. The committee discussed an update on FRS17 pension assumptions (paper **AC.47(12)**). It was noted that the pension assumptions were on the same basis as the previous year.
21. Steve Balmont reported that he had reviewed the detailed report prior to the meeting. The committee requested some benchmarking from Grant Thornton prior to the meeting of 30 October 2012.

HEFCE Audit on Return for Access to Learning Funds for higher education students

22. The committee noted the audit report from HEFCE on the Access to Learning Funds (paper **AC.48(12)**).

Speak Up Report

23. The committee noted that no speak up matters had been raised since the last meeting (paper **AC.49(12)**).

Anti-fraud, bribery and corruption report

24. The committee noted that no instances of fraud, bribery or corruption had been discovered since the last meeting (paper **AC.50(12)**). The committee noted the update on the payroll irregularity, which was not thought to be fraudulent and had resulted in disciplinary action against staff. The committee wished to see the appointment of a strong leader for the area.

Terms of Reference

25. The committee noted their updated terms of reference (paper **AC.51(12)**). The committee requested the Executive to review the level of debt write offs which should be approved by the committee.

Annual Committee Plan

26. The committee noted an updated committee plan for the year (**AC.52(12)**).

External Audit Update

27. The committee received an update on the external audit for the year ended 31 July 2012. It was noted that the audit was going to plan and that currently there were no issues of major concern.

Matters to Report to the Board

28. The committee requested the UK Border Agency report and the update on student data quality be reported to the Board.

Date of next meeting

29. It was noted that the next meeting would be at 4pm on Tuesday, 30 October 2012.

There being no further business, the meeting concluded.

Confirmed as a true record:

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Chairman