

Meeting of the Group Audit and Risk Committee

4.00 pm on Tuesday, 6 October 2020
via MS Teams

Agenda

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12.	Internal audit: estates capital programme	139 - 140	PI
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<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
Risk and control			
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**Date of next meeting
4.00 pm on Thursday, 5 November 2020**

Members: Duncan Brown (Chair), John Cole, Mark Lemmon and Rob Orr

Apologies: Ruth Ireland

In attendance: David Phoenix, Natalie Ferer, Richard Flatman, Kerry Johnson, Nicole Louis and James Stevenson

On standby: Alison Chojna (item 4), Paul Ivey (item 11), Ed Spacey (item 4), Graeme Wolfe (item 4)

Internal Auditors: James Aston, Gemma Wright (BDO)

External Auditors: Fleur Nieboer, Jessica Spencer (KPMG)

Supplement one: full reports

- Internal audit: estates capital programme
- Internal audit: family transition

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
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- Internal audit: student data
- Internal audit: apprenticeships (to follow)

Supplement two: subsidiaries update

- Minutes of SBC Audit Committee 4 June 2020
- Minutes of SBA Audit Committee 2 July 2020

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**Minutes of the meeting of the Group Audit and Risk Committee
held at 4.00 pm on Thursday, 18 June 2020
via MS Teams**

Present

Duncan Brown (Chair)
John Cole
Mark Lemmon

Apologies

Rob Orr
Jack Stapleton
Ruth Ireland

In attendance

David Phoenix (to minute six)
Pat Bailey
Alison Chojna (minute five only)
Natalie Ferer
Richard Flatman
Kerry Johnson
Nicole Louis (minute five only)
James Stevenson
Graeme Wolfe (minute five only)
Fleur Nieboer (external auditor)
Gemma Wright (internal auditor)

1. Welcome and apologies

The Chair welcomed members to the meeting.

The above apologies were noted.

2. Declarations of interest

No interests were declared on any item on the agenda.

3. Minutes of the previous meeting

The committee approved the minutes of the meeting of 13 February 2020 and their publication as redacted.

The committee approved the written resolutions of 27 February 2020 and 27 April 2020 and their publication.

4. **Matters arising**

The committee noted that discussions with the DfE about the Lambeth College estates strategy were still ongoing. It was noted that terms would require approval from the SBC Board.

All other matters arising were noted as having been completed or in progress.

5. **Coronavirus business recovery**

Business recovery project

The committee discussed the LSBU Group progress against the set of principles produced by Universities UK for business recovery and operation during the coronavirus pandemic. The recovery project structure was noted, including the 'RAG ratings' assigned to each recovery principle.

The committee noted the key challenges for the Group, including the consistency of academic standards and delivery, potential financial challenges, and risks surrounding student recruitment and retention. The actions in place to mitigate these risks were noted as summarised in the coronavirus recovery risk register.

Executive members reported that the Academic Board had considered changes to extenuating circumstances and progression rules and revised academic regulations. It was noted that good engagement with professional bodies continued to take place.

The executive were acting on the Office for Students (OfS) and CMA guidance regarding course revisions and materials, with any material changes being communicated to potential and current students.

Following the discussion, the committee noted and endorsed the actions taken towards business recovery.

Cyber security

With Alison Chojna, Nicole Louis and Graeme Wolfe

The committee discussed the Group's cyber security measures and noted the potential for heightened risk due to staff working remotely during the coronavirus crisis.

The committee noted that comprehensive guidance had been issued to all staff and students, and a revised mandatory training module on IT security had been developed. Regular IT security communications were issued via the weekly staff newsletter, and the ICT team were working with procurement staff to ensure that software solutions were responsibly sourced.

It was agreed that the Executive would reflect on the LSBU Group risk register to assess whether the likelihood of a cyber security attack was rated at an appropriate level.

It was noted that a full internal audit of cyber security had been completed. The committee agreed that an additional meeting would be scheduled during summer 2020 to discuss the internal audit report in full.

6. Apprenticeships: ESFA minimum standards notification

The PVC (Continuing & Further Education) reported on a notification from the Education Skills Funding Agency (ESFA) that the University's apprenticeship provision fell below minimum standards. The notification related to the first cohort of twelve apprentices, which achieved a 0% completion rate. It was noted that the issue was specific to the 2018/19 Assistant Practitioner apprenticeship cohort which faced a number of challenges. Due to the low numbers involved, there would be no sanction imposed by the ESFA.

The committee discussed in detail the work that had been undertaken on apprenticeships and noted that the level of completion for the 2019/20 cohort would be above the sector average. It was noted that the University's apprenticeship provision was rated 'good' by Ofsted in February 2019.

It was noted that an internal audit report on apprenticeships would come to the next meeting of the committee.

7. Group external audit plan

The committee discussed the draft Group external audit plan for 2019/20, noting in particular the additional procedures on going concern and the requirement to report on the expenditure used to deliver the Access and Participation Plan.

The committee noted that there were no anticipated issues due to the coronavirus pandemic as KPMG were able to carry out remote auditing. It was noted that the finance team should be able to access manual records on-site if required, though most information could be provided electronically.

The committee noted that the SBA external audit plan would be approved by the SBA Audit Committee at its next meeting.

Following discussion, the committee approved the 2019/20 LSBU Group external audit plan, which would also be noted by the SBC and SBA audit committees.

8. Internal audit 2019/20 progress report

The committee noted the internal audit progress report on the 2019/20 plan, which was mostly on track. It was noted that two SBC audits had been delayed due to the coronavirus pandemic, as staff were needed on-site to carry these out.

It was noted that the delays would not prevent BDO from forming their annual opinion.

9. Internal audit: follow-up report

The committee reviewed the internal audit follow-up report, noting that 61% of recommendations had been completed, and a further 25% of recommendations were in progress.

It was noted that some financial controls recommendations from subsidiaries were now overdue, but in progress. The SBC and SBA audit committees had considered the report and noted that there were a number of complex areas but no one theme.

Conflicting language on procurement findings would be clarified.

10. Internal audit: accounts receivable

The committee noted the internal audit report on accounts receivable, which provided a limited level of assurance for both the control design and operational effectiveness of the controls in place. It was noted that one high risk, eight medium risk and two low risk recommendations had been made and accepted by management. Actions to address the findings would be completed by the end of September 2020.

It was noted that the medium risk around student fee invoices and unallocated income had arisen as a result of switching the University's banking to Barclays, and that the team were working with ICT to resolve the process issues involved. It was expected that a solution could be put into place in time for the financial year end.

11. Internal audit: HESA student data

The committee noted the internal audit report on the HESA student data return, which provided a substantial level of assurance for both control design and operational effectiveness. One medium and two low risk recommendations had been made.

12. Internal audit: Research Excellence Framework

The committee noted the internal audit report on the Research Excellence Framework (REF), which provided a moderate level of assurance for control design and a moderate level of assurance for operational effectiveness. Four medium and four low risk recommendations had been made and actions to address the findings would be completed by July 2020.

13. Internal audit 2020/21 draft plan

The committee discussed the draft 2020/21 Group internal audit plan and three year internal audit strategy. The plan had been reviewed by the SBC

Audit Committee and Group Executive, who were comfortable with the plan. It was noted that the SBA Audit Committee would review at their next meeting.

The committee noted that the plan was flexible and would be reviewed as circumstances and risks changed.

The committee agreed additions to the plan relating to IT infrastructure and front line delivery during the coronavirus pandemic. It was also agreed that a decision on the internal audit review of corporate governance would be made when the CUC corporate governance code was published later in 2020.

Subject to these minor changes, the committee approved the draft 2020/21 Group internal audit plan and three year internal audit strategy.

14. **Group corporate risk approach**

The committee reviewed the proposed 2020/21 Group risk approach and policy, which had been revised to align with the 2020-25 strategy and regulatory requirements, and was now Group-wide.

During discussion it was noted that each Group entity would form their own views on risk appetite alongside an overarching Group risk register.

Subject to minor amendments, the committee agreed to recommend the Group risk policy to the Board for approval.

15. **Corporate risk report**

The committee noted the corporate risk register, comprised of zero critical risks, eleven high risks, fourteen medium risks and one low risk. An updated risk register would be reported to the next Board meeting.

16. **Annual debt write-off**

The committee discussed the write-off of tuition fee debt relating to self-paying students of £724k, noting that the higher figure reflected the higher tuition fees charged from September 2021 onwards.

The committee noted that debts were written off when more than six years old and there was no reasonable expectation of recovery. It was noted that the figure was fully provided for in the accounts and would have no impact on the reported result for the year.

Following discussion and as required by the financial regulations, the committee approved the annual LSBU debt write-off of £724k.

17. **Decisions and approvals**

The committee discussed procedures for dealing with:

- decisions and approvals for Group Audit and Risk Committee between meetings;
- decisions and approvals relating to other Group entities.

The committee noted the procedure for discussing and recording decisions between meetings and requested the process to be transparent for committee members. Revisions would be made to the existing standing orders before submission to the Board.

In relation to decisions of Group entities, the committee agreed the starting point would be a presumption to approve, unless there is a compelling reason to intervene.

18. **Anti-fraud**

Anti-fraud policy review

The committee considered the proposed changes to the anti-fraud policy and fraud response plan.

During discussion, it was agreed that the policy should be revised to clarify the process by which an instance of fraud within a subsidiary should be reported. The committee also noted that the policy should contain reference to the relevant HR procedure for a member of staff found to be committing fraud.

The committee agreed that an amended version of the anti-fraud policy would be submitted for consideration by the SBC and SBA Boards before coming back to this committee for approval.

Anti-fraud, bribery and corruption report

The committee noted that there were no new instances of fraud, bribery or corruption arising in the period since the committee last met.

19. **OfS conditions of registration**

The committee noted that revised guidance from the OfS, adapting the 'normal' regulatory framework for the duration of the coronavirus pandemic. It was noted that the adaptations were temporary but open-ended, and that the OfS intended to return to its normal policy position once the situation improved.

The committee noted the framework to demonstrate compliance with conditions of registration in the pre-pandemic regulatory regime and the temporary revisions during the pandemic to existing reportable events. The CFO confirmed that LSBU had more than 30 days' liquidity and continued to be compliant.

The committee noted that the new guidance superseded the questions of materiality discussed at the previous meeting. The Governance Team would revisit the work to define materiality for reportable events in due course.

20. Data protection report

The committee noted the data protection report, which included details of six incidents involving breaches of personal data since its last meeting. Since the February meeting one incident was notifiable to the ICO.

The committee noted that the ICO's recommendations relating to the April 2020 breach had been acted on. Bespoke training was being carried out and the issue of auto-filled email addresses was being investigated. It was noted that the latest data breach was contained and the relevant email had been deleted from the system.

21. Speak up report

The committee noted that one speak up case had been raised by a student since the last meeting. The student had been advised that the student complaints procedure was a more appropriate channel for resolving his complaint, though the student had appealed this decision.

The committee noted that a new matter involving alleged fraud had arisen very recently and would be followed up and reported on at the next meeting.

22. Audit Committee business plan

The committee noted the business plan. It was agreed that where possible some items should be moved from the November 2020 to the October 2020 meeting in order to balance the agendas.

23. Matters to report to the Board following the meeting

The committee noted that coronavirus business recovery report, external audit plan, internal audit report on accounts receivable, internal audit draft plan, Group risk policy and annual debt write-off would be reported to the appropriate Board meeting.

**Date of next meeting
4.00 pm, on Tuesday, 6 October 2020**

Confirmed as a true record

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**Minutes of the meeting of the Group Audit and Risk Committee
held at 3.00 pm on Monday, 7 September 2020
via MS Teams**

Present

Duncan Brown (Chair)
John Cole
Mark Lemmon
Rob Orr

Apologies

Richard Flatman

In attendance

Pat Bailey
Alison Chojna (item 7 only)
Kerry Johnson
Deborah Johnston
Nicole Louis
Marcelle Moncrieffe-Johnson
David Phoenix
Mathew Ring (BDO; item 7 only)
Ed Spacey (items 1-6 only)
James Stevenson
Graeme Wolfe (item 7 only)
Gemma Wright (BDO)

1. Welcome and apologies

The Chair welcomed members to the meeting.

The above apologies were noted.

2. Declarations of interest

No interests were declared on any item on the agenda.

3. Minutes of the previous meeting

The committee approved the minutes of the meeting of 12 August 2020 and their publication.

4. Business recovery project update September 2020

The committee discussed the update on the coronavirus business recovery project and plans for the re-opening of the LSBU campus, initially in week commencing 14 September 2020 to welcome new undergraduates.

The committee noted the measures taken to mitigate the risk of an outbreak on campus, including the requirement for staff and students to wear face coverings, and the implementation of the Safezone track and trace app, which was ready to go live. It was noted that the installation of the Safezone app was not mandatory, but that staff and students who were on-site were 'expected' to download the app.

The committee discussed in detail the LSBU coronavirus alert levels and associated triggers. Committee members queried whether the trigger levels and cumulative events had been set at an appropriate level. The Executive gave assurance that the framework had been developed through discussions with experts about the concept of thresholds. They noted that the way triggers had been set and articulated was still under review and would remain under constant review. Immediate action would continue to be taken below threshold limits when cases were reported and Public Health England would be consulted throughout.

The committee were assured by the reports and requested that a further update is brought to the meeting of 6 October 2020.

The committee noted the plans for face-to-face research and data collection during the pandemic.

5. Student advice and behaviours

The committee noted the safety precautions and expected behaviours that had been communicated to students via multiple channels ahead of the return to campus.

The committee noted that student conduct in relation to coronavirus precautions was governed by the existing student disciplinary procedure. It was noted that breaches of the safety procedures would be handled informally in the first instance, with the potential for referral to the student disciplinary team.

The committee noted that the communications strategy would be closely monitored by the Executive and adjustments made if required.

The committee requested that an update on semester one be brought to a future meeting.

6. Academic delivery update

The committee noted the summary of preparations for blended delivery of semester one 2020/21, to ensure delivery of existing courses in a way which maintained academic quality. It was noted that for approximately half of all courses, some level of on-campus teaching was essential. Other than for a limited number of exceptions all courses had been designed to have some on-campus activity

The committee noted that close monitoring would take place and schools would continue to share best practice in order to maintain high levels of engagement.

7. Internal audit: cyber security

With Alison Chojna, Mathew Ring (BDO) and Graeme Wolfe.

The committee discussed in detail BDO's internal audit report on cyber security, which provided limited assurance over the design of controls and limited assurance over the effectiveness of the controls in place.

The committee noted that 31 findings were identified in total (seven high risk, 22 medium risk and two low risk) across LSBU, SBC and SBA. The comprehensive management responses were welcomed by the committee.

The committee reviewed recommendations in detail, the management responses and timescales for completion of which would be closely monitored by the Executive. The timescales given within the management responses were noted as challenging but the committee welcomed assurances that they were realistic.

The committee noted the importance of an overall group IT strategy and effective information security function. The CCO advised the committee that an IT and digital transformation strategy had been created to address the infrastructure, hardware and software issues over a five year period, with the CCO as the responsible Executive member. The IT infrastructure and functions would be integrated as part of the target operating model.

The committee noted that the most significant risk related to the current configuration of the network at LSBU. A redesign of the network was noted as planned as part of the upcoming network replacement and, subject to approval of investment, should be in place by early 2021.

The committee noted that a workplan to address the recommendations of the internal audit report was being finalised, and would be brought to the next meeting of the committee on 6 October 2020. A formal follow-up by BDO would also be scheduled for early 2021.

**Date of next meeting
4.00 pm, on Tuesday, 6 October 2020**

Confirmed as a true record

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GROUP AUDIT AND RISK COMMITTEE – THURSDAY 18 JUNE 2020 AND MONDAY 7 SEPTEMBER ACTION SHEET

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
THURSDAY 18 JUNE 2020					
5.	Coronavirus business recovery	Additional meeting to be scheduled during summer 2020 to discuss the cyber security internal audit	September 2020	Nicole Louis / Alison Chojna	Complete
5.	Coronavirus business recovery	Executive to reflect on LSBU Group risk register to assess whether cyber security risks rated at an appropriate level	6 October 2020	Richard Flatman / Nicole Louis	Verbal update to be provided
6.	Apprenticeships: ESFA minimum standards notification	Internal audit report on apprenticeships to come to the next meeting.	6 October 2020	BDO	Complete – on agenda
7.	Group external audit plan	SBA external audit plan to be approved by the SBA Audit Committee at its next meeting	2 July 2020	Richard Flatman	Complete – approved at meeting of 2 July 2020
17.	Decisions and approvals	Revisions to be made to existing standing orders; to be approved by the Board.	Autumn 2020	James Stevenson	In progress – on the agenda for 15 October 2020 Board meeting
18.	Anti-fraud policy review	Amended version of the anti-fraud policy to be submitted for consideration by the SBC and SBA Boards and brought back to this committee for approval.	Autumn 2020	Richard Flatman	In progress
22.	Audit Committee business plan	Where possible, some items to be moved from the November 2020 meeting in order to balance the agendas.	6 October 2020	Kerry Johnson	Complete – on agenda
MONDAY 7 SEPTEMBER 2020					
4.	Business recovery project update	Further update on business recovery plans to be brought to next meeting	6 October 2020	Dave Phoenix / Ed Spacey	Complete – on agenda
5.	Student advice and behaviours	Update on semester one to be brought to future meeting [once semester one is well underway and can be evaluated]	November 2020	Pat Bailey / Nicole Louis	Update to be provided to November meeting

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
7.	Internal audit: cyber security	Update on workplan to address internal audit recommendations to be brought to the next meeting.	6 October 2020	Nicole Louis / Alison Chojna	Complete – on agenda

	CONFIDENTIAL
Paper title:	Covid 19 Update
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	6 October 2020
Author(s):	Ed Spacey, Acting Director of Group Assurance.
Sponsor(s):	David Phoenix, Vice Chancellor and Chief Executive.
Purpose:	For noting
Recommendation:	The committee is requested to note the update on covid 19 developments.

Executive summary

To provide an update on outbreak response planning and joint working with Public Health England, an update on face coverings, "Safezone" track and trace, and the latest Covid Risk Register.

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Covid 19 Recovery Project Update 6 October 2020

1.0 Purpose

- 1.1 To provide the Group Audit and Risk Committee with an update on Covid-19 issues and response planning.
- 1.2 This builds upon the previous report of 7 September, 2020.

2.0 DFE Guidance

- 2.1. On 10 September the DFE published updated guidance on “Higher Education: reopening buildings and campuses”. This has been reviewed and the University is still compliant with the requirements.
- 2.2. The DFE is keen to ensure that the sector works closely with Local Public Health England colleagues, as part of the approach to preventing community transmission.
- 2.3 On 11 September LSBU submitted its Covid-19 Outbreak Response Plan to the DFE, following a national request to the sector from the Minister for Universities. The plan has been fully signed off by the Local Director of Public Health, and forms a separate report.
- 2.4 Outbreak response planning has also been considered for SBC and SBA, and a report has been submitted to their Boards respectively.

3.0 Cabinet Office

- 3.1 Following work with Southwark Public Health Team, LSBU was identified as demonstrating good practice in its covid response and forward planning. This led to an invitation to discuss its approach with officials from the Cabinet Office on 16 September, and a positive meeting took place.

4.0 BDO Audit

- 4.1 A Group Covid Audit commenced on 21 September to provide assurance how we will deal with any second wave. This will involve 15 days of audit time by BDO, interviewing a range of staff.

5.0 Risk Register

- 5.1. An updated Covid Risk Register is attached at **Appendix A**, for reference. 3 new risks have been added, 5 risks closed, and 3 risk ratings updated.

6.0 Face Coverings

- 6.1 As students have started to return to the university campus, there has been an increased campaign to ensure that coverings are worn by all those who are not exempt. This has included working closely with the Student Union, influencing student behaviours, and preparing staff in how to appropriately deal with any non-compliance.
- 6.2 A stock of 14,000 face coverings has been made available (2000 per School) via Directors of Operations. This is for emergency use if students forget/lose their own coverings.
- 6.3 Staff who perform student facing roles may use a face visor supplied by LSBU if they wish, as opposed to their own face covering. (Stock of 500 in place as of 21 September).
- 6.4 All PPE equipment stocks are monitored by a central procurement workstream.

7.0 Positive Cases

- 7.1 From 2 -21 September, there have been a total of 4 positive covid cases at London South Bank University. 1 case was a member of professional services staff who had not worked on campus since March 2020. 2 cases were in a single team within Estates, and the staff were related. One case was an external estates contractor.
- 7.2 In all instances, all appropriate action was taken. This included advising PHE in accordance with national reporting requirements, when 2 cases were recorded within 14 days.
- 7.3 There has been 1 positive student case at Lambeth College on 21 September, and no positive staff cases.
- 7.4. There have been no positive staff or pupil cases at SBA.

8.0 Track and Trace

- 8.1 As at 22 September, 919 people had downloaded the “Safezone” track and trace application. Take up rates will continue to be monitored, plus additional communications campaigns to promote use. Alternate provision is in place for tracking anyone via security access if they have not downloaded the application.
- 8.2 As an educational establishment, we are not mandated by law to also implement the new NHS App system.

LSBU Group Covid 19 Risk Register

Date Oct-20

Version No 03-Oct

Review Nov-20

Risk ID	Description	Owner	Unmitigated		Control	Mitigated Ratings		Status	Date closed
			Impact	Likelihood Score		Impact	Likelihood Score		
1	Second Pandemic Wave	Pat Bailey	4	3 High	Outbreak Response Plan in place	4	3 High	Open	Rating Changed
2	Significant outbreak on Campus/Halls/LC/MAT	Ed Spacey	4	3 High	Ensure adherence to covid secure principles. Safety systems	4	3 High	Open	
3	Inability to Track and Trace	Ed Spacey	4	3 High	Use of Safezone App. Non reliance on QR code scans	3	2 Medium	Open	New Risk
4	Delays in Testing at time of outbreak	Ed Spacey	4	3 High	Mobile Testing Van deployed via Director of Public Health	4	2 Medium	Open	New Risk
5	Inability to deliver effective blended learning model	Deborah Johnston	2	1 Low	Project Monitoring and Exception/Risk Reports	1	1 Low	Open	
6	Large scale self isolation / loss of technical skillset	Pat Bailey	3	2 High	Segmentation / Teams A and B	3	1 Medium	Open	New Risk
7	Union dispute re Covid issues	Marcelle Moncrieffe-Jo	2	1 Low	Regular mtgs and Health and Safety Joint Committee	1	1 Low	Open	
8	Lack of communications (Staff & Student)	Kath Mills	1	2 Low	Comms Plan in place, monitored by Recovery Group	1	1 Low	Open	
9	Inability to develop online learning solutions/brand	Nicole Louis	2	2 Medium	Development plan monitored and resources checked	2	1 Low	Closed	
10	Wider transport concerns prevent return to campus	Kath Mills	2	2 Medium	Comms targeted to address safety concerns/monitor	2	1 Low	Open	
11	Adverse impact on MH Wellbeing of Students/Pupils	Rosie Holden	2	3 Medium	Online support, telephone advice and range of packages	2	1 Low	Open	
12	Student Hardship (£)	Jamie Jones	2	2 Medium	Use of expanded Hardship Fund	2	1 Low	Open	
13	Adverse impact on MH Wellbeing of Staff	Marcelle Moncrieffe-Jo	2	3 Medium	Programme of targeted initiatives + EAP + Wellbeing Advice	2	1 Low	Open	
14	Lack of safety protocols for visitors	Ben Baker	2	1 Low	Covid Guidance Document includes clear protocol	1	1 Low	Open	
15	Staff do not follow new guidance	Alex Bush	3	1 High	Managers guidance in place supported by HR Policy	1	1 Low	Open	
16	Students do not follow new guidance	Jamie Jones	3	1 High	Student training in place +SU support + Policy	3	1 High	Open	Increased Risk
17	Pupils do not follow new guidance	Dan Cundy	3	1 High	Pupil Training in place + Teacher guidance	1	1 Low	Open	
18	Loss of financial revenue /cost of covid measures	Ralph Sanders	4	3 Critical	Financial Monitoring/Forecasting, Liquidity checks	3	1 Medium	Open	
19	Impact re lower UK Recruitment	Nicole Louis	2	2 Medium	Forecasting and measures to maintain competitiveness	1	1 Low	Open	
20	Inability to manage international pipeline & Visas	Nicole Louis	2	2 Medium	Forecasting, Monitoring and provide remote delivery	2	1 Low	Open	
21	National reduction in University Fees	Ralph Sanders	4	1 High	Financial impact modelling	3	1 Medium	Open	
22	Adverse effect of any number cap	Nicole Louis	2	2 Medium	Forecasting and planning scenarios	1	1 Low	Open	
23	Impact on Academic Assessment and Quality	Deborah Johnston	2	2 Medium	Measures in place to monitor via Academic Delivery Board	2	1 Low	Open	
24	Inability to implement Semester 1 Course Changes	Marc Griffith	2	2 Medium	Monitor/test deliverables and interdependencies	2	1 Low	Closed	
25	Inability to deliver student induction & welcome	Sarah Moore Williams	1	1 Low	Workstream to monitor and test plans	1	1 Low	Closed	
26	Managing quarantine issues in Halls	Carol Rose	2	1 Low	Pre-prepared plan and benchmark other HEIs approach	1	1 Low	Open	
27	Inability to implement January Course expansion	Marc Griffith	2	2 Medium	Workstream evaluation /monitoring of deliverables	2	1 Low	Open	
28	Inability to deal with enrolment online	Ralph Sanders	2	2 Medium	Test systems and plans to ensure viability/backup	2	1 Low	Closed	
29	Inability to deal with re-enrolment	Jamie Jones	2	1 Low	Monitor milestones, test system in advance + backup	1	1 Low	Closed	
30	Hardware delay/doesn't support output	Alison Chojna	2	2 Medium	Procurement Cycle checked plus contingency in place	2	2 Medium	Open	
31	Software doesn't support remote study/work	Alison Chojna	1	2 Low	Check implementation cycle, monitor and test operation	1	1 Low	Open	
32	ICT Training is inadequate to support needs	Alison Chojna	2	2 Medium	Test rollout plan. Use of external support as contingency	2	1 Low	Open	
33	Impact on ability to deliver ACI Curriculum	Janet Jones	2	1 Low	Workstream to consider alternate delivery methods	1	1 Low	Open	
34	PSRB course requirements cannot be met	Deborah Johnston	2	1 Low	Monitoring, identification/negotiation with PSRB	1	1 Low	Open	
35	Failure to engage Student Union	Rosie Holden	1	1 Low	Engagement Plan and Comms in place	1	1 Low	Open	
36	GDPR Breach	Irina Bernstein	3	2 High	Additional awareness training and comms	2	1 Low	Open	
37	Cyber Security Attack	Alison Chojna	3	3 High	ICT Testing Robustness and Disaster Recovery Planning	3	3 High	Open	Risk raised. Recent Ransomware attacks e.g. Newcastle University
38	Failure to meet Government Covid Guidance	Ed Spacey	3	1 Medium	Project Monitoring and Exception/Risk Reports	1	1 Low	Open	
39	Regulatory breach	Pat Bailey	3	1 Medium	Project Monitoring and Exception/Risk Reports	2	1 Low	Open	
40	Failure to prepare re local lockdowns	Pat Bailey	3	3 High	Forward Contingency Plan and work with Director of PHE	3	2 Medium	Open	

Risk Matrix Key:

Impact

4.Critical	High	Critical	Critical
3.High	Medium	High	High
2.Medium	Low	Medium	Medium
1.Low	Low	Low	Low
	1.Low	2.Medium	3.High

Inherent Likelihood

Impact Details

Name	Description
1.Low	The risk would have little effect on our ability to deliver operational outcomes, or require basic adaptation of processes
2.Medium	This risk may result in the failure to deliver intended operational objectives
3.High	The risk would have a significant effect on the ability of the Group to deliver output, and may lead to external criticism, breach of statutory regulation, fall in revenue or significant safety issues
4. Critical	The risk could have a critical effect on the ability of the University to continue in terms of financial impact, deaths, withdrawal of registration/censure by regulators and potentially irretrievable damage to external reputation

Inherent Likelihood Details

Name	Description
1.Low	This risk is highly unlikely to occur.
2.Medium	This risk may occur in the medium to long term.
3.High	This risk is likely to occur short term.

	CONFIDENTIAL
Paper title:	LSBU Covid 19 Outbreak Response Plan
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	6 October 2020
Author(s):	Ed Spacey, Acting Director of Group Assurance.
Sponsor(s):	David Phoenix, Vice Chancellor and Chief Executive.
Purpose:	For noting
Recommendation:	The committee is requested to note the content of the report.

Executive summary

The document has been fully approved by the Local Director of Public Health, and submitted to the DFE, following a sector request by the Minister of State for Universities.

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Covid 19 Outbreak Response Plan

1.0 Background and Purpose

- 1.1 London South Bank University continues to take all necessary measures to have a Covid Safe campus, and by taking early preventative action, seeks to minimise the potential for virus transmission.
- 1.2 However, it is recognised, as per the national situation, that there will be instances where students, staff or visitors exhibit symptoms or test positively for Covid.
- 1.3 This plan sets out the approach for responding to such incidents. Nothing in this document is designed to supersede or replace the need to follow all Government, NHS, Public Health England and Regulatory Guidance.

2.0 Overall Management of Risk

- 2.1. The University has adopted a hierarchy of risk control, ranging from elimination (reducing in person interaction, limiting campus numbers onsite, stopping a work activity if it is not essential) , substitution (hybrid study model/work at home/use of alternate transport), engineering controls (use of screens/barriers, ventilation), administrative controls (spacing marked out on floor, cleaning regimes, signage to encourage behaviours, sanitising stations) and PPE (Face Covering Policy – coverings worn indoors with limited exceptions).
- 2.2 Covid Risk Assessments have been completed on an institutional, building by building, and operational level. Unions and staff have been actively involved and information shared and disseminated. These are under continuous review. Buildings display the Covid 19 Secure Certification.
- 2.3 A Covid Risk Register is in place, which is regularly monitored by the Group Audit and Risk Committee
- 2.4 A BDO Audit has been commissioned to analyse our approach to preparing for a second wave, and managing covid incidents.
- 2.5 A structured covid project management approach is in place with 21 workstreams. The purpose is to ensure the co-ordinated and safe return to campus. This includes all health and safety arrangements and incident management. The Executive as Strategic Project Board oversee and monitor this every 2 weeks.

3.0 Approach to Outbreak Management

3.1 London South Bank University (LSBU) works closely with Partner Agencies. Southwark Council's Covid Outbreak Prevention and Control Plan (15 July 2020) uses a three pillar approach: Prevent, Identify and Control. Therefore, the University follows a similar three pillar approach as set out below.

3.2 Prevent

Train and raise awareness on how to stay safe. This includes return to campus online training for all students and staff. The importance of social distancing, how to recognise covid symptoms/what to do, instructions for use of PPE and awareness of the face covering policy. Personal Health Circumstances Questionnaires to protect those with vulnerabilities. The use of segmentation e.g. for Students in Halls of Residence, and Rotas/Bubbles for Senior Management Groups/areas of technical expertise. Self isolation/quarantine flats reserved in Halls, with pre prepared support arrangements in place. Communications campaign to keep students and staff up to date and engaged. Staff and Student Wellbeing Campaigns. The number of people on campus at any one point and class sizes restricted. Travel guidance issued.

3.3 Identify

Staff Students and Visitors download the Safezone Application, available for Apple and Android devices. This enables the central reporting of covid symptoms, and track and trace throughout zones within all Campus Buildings. Testing arrangements of those with symptoms via NHS. Central overview of case reporting, with immediate escalation through established 24/7 incident management routes, to ensure all appropriate action is taken. Wellbeing support programme for those affected.

3.4 Control

Monitor incidents, report/liase with PHE if threshold of 2 positive cases, hold incident management meetings, implement communications if required, analyse cases/review risk assessments and learn lessons.

4.0 Transmission Risks

4.1 This plan notes that there may be an increased risk of transmission by young people in Higher Education, as per the SAGE report of 3 September.

4.2 To mitigate this, dedicated student awareness communications continue to be used, as well as working together with the Students Union. However it is worth reflecting that LSBU traditionally has a higher proportion of mature students than many other universities.

4.3 We recognise the importance of minimising potential wider community transmission when students go home to different locations across the country. Students are instructed not to travel if they are unwell or suffering from any covid type symptoms.

4.4 We have planned enhanced communications towards the end of each term. The purpose is early identification of symptoms and self isolation. Emphasising appropriate social distancing arrangements, avoiding close contact, and student behaviour contracts further help prevent transmission by asymptomatic cases. We manage our own Halls of Residence, where self isolation wellbeing support is in place.

4.5 For any arriving international students who are required to quarantine, we have dedicated flats within Halls of Residence prepared for this purpose.

5.0 Multi Agency and Partnership Working

5.1 The LSBU Director of Group Assurance maintains close links with the Southwark Director of Public Health. This enables the sharing of practice arrangements, identification of community trends, and alerting of any university related issues. This is in addition to the standard required reporting through the PHE London Coronavirus Reporting Centre (LCRC).

5.2 The University is the only educational establishment to have a seat on the Southwark Local Resilience Forum, where it contributes to a multi agency approach to all aspects of incident management, including Borough Covid response.

5.3 There are closely established links with the Southwark Emergency Planning Manager, and 24/7 contact arrangements. This serves to enable discussion of any major emerging issues across partner organisations.

6.0 Tracing of Contacts

6.1 Our App based system does not require scanning QR codes to register for different buildings / areas. It provides the ability to report suffering covid symptoms, and central track and trace of affected persons by pre-defined zones within buildings. In addition, it can enable the cascade of key safety messaging on covid issues.

6.2 For anyone who does not have smartphone access, there is an alternate procedure in place, which uses security door access tracing.

7.0 Testing

7.1 Testing is carried out via NHS services, and in accordance with NHS/PHE eligibility criteria. Information on how to obtain NHS tests is highlighted via student and staff communications.

7.2 Contingency planning includes considering the nearest public mobile testing facilities, as well as specific support arrangements in the event of a significant university outbreak. Planning discussions with Local Public Health Officials have included options of deploying a mobile testing van, given the size of the university community.

7.3 As of September 2020, we are not undertaking precautionary regular testing campaigns, but will continue to review the national situation and sector developments.

8.0 Communication

- 8.1 The University regularly communicates with all staff and students on covid awareness raising issues, recovery planning, and key national guidance changes impacting on our operations.
- 8.2 There is a structured approach to dealing with communication around any suspected/actual cases. This includes a threshold of 5 cases triggering consideration of additional messaging, through to how course, or building closures would be announced.
- 8.3 Pre-prepared media holding statements are in place to deal with any significant outbreak.
- 8.4 Communication forms a specific monitored workstreams within our Covid Recovery Project.

9.0 Engagement

- 9.1 There is an ongoing campaign to keep staff and students engaged and involved in how the university will operate in the new business as normal. This includes reassurance of the measures we are taking to keep everyone safe, and explaining we have appropriate systems to manage any incidents. Wellbeing services are available to all students and staff.

10.0 Incident Management

- 10.1 We have an Incident Management structure which operates 24/7.
- 10.2 Our response to a potential case or cases includes the following:
- Notification of symptoms / case received via App or alternative process;
 - Action and advice provided. PHE LCRC notification if more than 2 positive cases;
 - Track and Trace via App and instructions to close contacts; Deep clean areas of campus;
 - Incident overview by Director of Group Assurance including strategic action/emerging trends/urgent steps and notification to Executive; Communications Team advised;
 - Chair of Board of Governors kept informed by Executive;
 - Incident Management Meetings for larger outbreaks and PHE input;
 - Executive continue to review overall university threshold action levels.
- 10.3 Where incident management meetings are required, these will normally be chaired by a senior member of the University (Gold or Silver Command). In the event of multi agency representation from PHE, there may need to be a joint chair.
- 10.4 LSBU will take action in dealing with any suspected or positive cases, with reference to all PHE/NHS guidance including periods of self isolation¹.

¹ "PHE Covid 19 Higher Education Settings Webinar 15 September 2020", LSBU Intranet.

11.0 University Threshold Levels

- 11.1 The alert levels in paragraph 11.4 provide an internal framework for how we would operate and move to different levels of delivery.
- 11.2. Section 11.5 provides guidance as to when we would consider moving between levels. We note for triggers, in theory, if staff or students who test positive remain home and isolated, the increase in positive cases in itself doesn't necessarily increase the risk on campus. It may just reflect increasing rates generally or increased testing.
- 11.3. Therefore, our primary concern would be if we saw increases in the number of tests on a daily basis coming back as positive at LSBU, or if there are clusters of cases at the university or in the immediate vicinity. PHE would be fully consulted and all advice followed.

11.4

LSBU Covid 19 Alert Levels

Current Position: **Level 2**

	Education	Research	Accommodation	Campus Services	Student Services/SU
Level 5 Full Lockdown	Online only/alternative planning/extend semester inc for Lab based subjects Separate arrangements for NHS placements	All but essential Covid 19 related activities suspended	Remain in campus accommodation if cannot return home - subject to Gov Guidance	Online only, apart from essential EAE staff. Extend semester for Lab based subjects	Online only Emergency online support packages
Trigger from Level 4 to 5 See Guidance	Gov, Regional direction or v.high number of LSBU cases				
Level 4 Restricted operations	Online only/alternative planning/extend semester inc for Lab based subjects Separate arrangements for NHS placements. Staff access requests via	Phased return of any funded or critical research allowed, subject to Exec sign off	Limited use – prioritised to support those who cannot leave	Online only apart from essential EAE staff. Extend semester for Lab based subjects	All online

	EAE, but only by exception				
Trigger from Level 3 to 4 See Guidance	Gov, Regional direction or significant number of LSBU cases				
Level 3 First stage re-opening	Education delivery mainly online delivery, Labs and practicals open following covid secure guidelines	As above	Available to support student need, subject to covid secure guidelines and halls bubbles	Study areas/Library open subject to covid secure guidelines. Clearing operation can take place onsite. Limited PSG staff operate on site	Some socially distanced activities, inc induction week
Trigger from Level 3 to 2 See Guidance	Increasing return to new normal nationally. Covid secure systems working at Level 3				
Level 2 Second stage re-opening	Larger group sessions to resume when safe, following covid secure guidelines. Increasing numbers of academic staff return to campus	Return of research which requires on campus facilities	Full return to accommodation, as social distancing begins to ease.	Delivery of socially distanced services transitioning to full operations. Campus Catering facilities open. Limited Gym facilities open. Increasing numbers of PSG staff on campus	Delivery of socially distanced services transitioning to full operations
Trigger from Level 2 to 1	Covid secure systems working effectively at Level 2. No significant spikes in cases.				

	National guidance being relaxed.				
Level 1 BAU/New normal	All physical classes to resume, alongside any flexible digital delivery	Research activities continue	Full return	Full return	Full return

11.5 Guidance on Covid Alert Levels

National Situation /Regional Instruction/Regulator Requirement

Follow all external guidance. In the most extreme cases, this is likely to be a move to Restricted Operations Level 4 or full Lockdown Level 5 depending on severity.

LSBU Internal Situation

The following provides broad guidance for a range of individual situations, and needs to be interpreted depending on the specifics of the situation, the total number of students and staff using the campus at any one time, and any emerging trend of positive cases/clusters. In addition, all appropriate PHE Reporting Requirements should be followed and advice taken.

Local functions – No change in overall Level.

Response determined by Dean/Director in consultation with Provost/PSG Exec Member.

Multiple student cases in one class or cohort, subject to consideration of class/cohort size	Move to online delivery of class material or alternative planning such as module delay Consider School position if numbers increase
Multiple staff cases in same academic discipline. Likely to be 3+, subject to discipline size	Move to online delivery of that discipline or alternative planning such as module delay. Consider School position if numbers increase
2+ staff cases from same School SLT	SLT online service only. Consider wider School position
2+ staff cases from same PSG SLT	SLT online service only. Consider wider PSG position
Multiple staff cases from same PSG or function, subject to consideration of PSG size.	Move to online service only or alternative planning, depending on size/nature of PSG

Executive. Response determined by remaining Exec members

2+ Executive cases	Move to online service. Consider wider Group position early and review.
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Areas and Buildings

Decisions impacting on major multi use facilities and buildings will need Executive agreement.

Refectory/Café 3+ cases traced to use of same dining area	Close catering facility for sustained period and consider closing other cafes.
5+ cases traced to use of Library	Close Library
5+ cases traced to use of 1 Building	Close specific Building whilst investigate

Cumulative Events

Decisions re cumulative events will need Executive agreement and consideration.

As of 16 September 2020, the current incidence rate for Southwark is around 25 cases per 100,000 people. Local lockdowns have begun in other parts of the country when this reaches between 50-100 cases per 100,000 population. Where incidence increases rapidly, based on discussions with PHE and the Director of Public Health's advice, further action may need to be taken by the University.

University cumulative decision making to focus on the increase in the number of tests on a daily basis coming back positive at LSBU, or in the immediate vicinity.

Significant sustained increase in number of tests on a daily basis coming back positive at LSBU. Subject to PHE advice.	Move to Level 5 Full Lockdown and review situation
Established and clear trend of an increase in the number of tests on a daily basis coming back positive, and subject to PHE advice	Move to Level 4 Restricted Operations and review situation
Early signs of an increase in the number of tests on a daily basis coming back positive, and subject to PHE advice	Consider Move from Level 2 to Level 3 whilst situation stabilises.

	CONFIDENTIAL
Paper title:	Cyber Security Update 6th October
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	06 October 2020
Author(s):	Alison Chojna, Acting Executive Director of Academic Related Resources
Sponsor(s):	Nicole Louis, Chief Customer Officer
Purpose:	For Information
Recommendation:	For the committee to review the information provided.

Executive summary

This paper provides an update on progress made against the actions identified in the BDO cyber security audit.

The IT Security Roadmap is attached and provides a unified view of issues that are replicated across the Group.

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Cyber Security Update 6 October 2020

1.0 Purpose

- 1.1 To provide the Group Audit and Risk Committee with an update on progress against the recommendations identified in the BDO audit.

2.0 IT Security Governance

- 2.1. An IT Security and Resilience Board is being established, due to convene for the first meeting in October 2020 [date TBC].
- 2.2. The Board will be Executive led, with Nicole Louis, Chief Customer Officer, as responsible officer and chair.
- 2.3 Membership of the Board contains both technical and business representation from all Group entities, as well as key Group roles, such as Group Assurance, Information Compliance and Organisational Development.
- 2.4 Staffing resource is currently under review to identify additional headcount to establish a Group Cyber Security Team and to transition the LSBU Head of IT Security to a Group role.

3.0 Password policy and complexity increase

- 3.1 The Group password policy was approved on 16th September 2020.
- 3.2 Password complexity will be increased to 10 characters and will require a combination of upper/lower case characters, numbers and special characters.
- 3.3 The technical change to enforce the new complexity rules at LSBU will take place on 01/10/2020.
- 3.4 A new password reset tool will be introduced at LSBU as part of the Microsoft 365 enhancements due to take place in October 2020. This will remove the existing difficulties of remote password reset and align the staff and student password reset tools. Following deployment, the expiry date will reduce to 180 days, triggering a bulk password reset at that time.
- 3.5 SBC will move in line with the Group password policy by an agreed date [TBC]. Consideration needs to be given to the ability of the student users and support arrangements put in place ahead of the change.

4.0 Network segregation

- 4.1 A scoping meeting has taken place with the network architects of the incumbent network managed service provider to plan the network redesign and segmentation.

5.0 Backup policy

- 5.1. Discussions have begun with JISC to review best practice in relation to backups and a discovery exercise is underway to benchmark sector practice related to backup schedules.
- 5.2 SBC uses a third-party to securely store backup data for a Disaster Recovery scenario. This will be brought in line with the Group Backup Policy when introduced.

6.0 Protection against ransomware attacks

- 6.1 A solution is currently under review that automates early detection of ransomware attacks. The solution monitors for unexpected encryption activity and automatically blocks that activity. An initial meeting has been held with the vendor and further due diligence needs to take place before recommending whether to subscribe.

7.0 Communications and training

- 7.1 A series of communications is being planned to ensure cyber security stays high in staff and student consciousness. As enhanced security measures are rolled out, staff will encounter greater restrictions over their use of technology. It is vital that staff understand the reasons behind the changes and are brought on the journey.
- 7.2 Department Heads will receive an update on staff compliance with mandatory cyber security training at LSBU and a revised completion date of 30th September has been brought forward.

8.0 Future plans

- 8.1 The IT security roadmap, including actions from the BDO audit, is included as appendix one.

Appendix One

#	Action Description	Which 2025 Strategy deliverable is this action linked to and how?	Expected Impact	Current status / plans of activities	Leadership Team Owner
1	Design and implement a fit for purpose IT Security Group service and structure with an appropriate target operating model, ensuring both strategic and operational responsibilities are encompassed.	Group Operating Model	Improved IT security across the Group due to holistic oversight and shared expertise. Monitoring and reporting provides greater assurance.	31/10/2020 – Head of IT Security role revised to include Group responsibility. 31/10/2020 – Compliance Board established. 01/01/2021 – New governance structure in place, including supporting roles.	Alison Chojna
2	Redesign the LSBU/SBC network to include demilitarized zones and private IP addressing.	Technology Enabled Flexibility	Severity of a security breach would be greatly reduced due to a "locked room" effect of network segmentation. Up to date hardware reduces security vulnerabilities inherent in outdated equipment.	30/09/2020 - Feed security requirements into the tendering process. Work with the network managed service provider to design the new network. Plan reporting requirements and regularly feedback to the Group Exec on network security performance.	Malvina Gooding/ Graeme Wolfe

3	Introduce a Group password policy with increased password complexity, shortening the expiry period to 180 days.	Technology Enabled Flexibility	Reduced risk of security breaches linked to weak password controls.	<p>11/09/2020 – Password policy approved.</p> <p>30/09/2020 – Password complexity introduced at LSBU and SBA.</p> <p>TBC Date planned for SBC password change.</p>	Graeme Wolfe
4	Implement a centralised Group asset management policy to include hardware and software assets.	Planning and Budgeting/ Capital Investment Plan/ Technology Enabled Flexibility	<p>Financial efficiencies are achieved through centralised control of IT purchasing.</p> <p>Departmental IT hardware expenditure is reduced by 95%.</p>	<p>Asset data is currently being gathered and an indicative 5yr forecast to be introduced.</p> <p>Staff asset replacement to be mapped and forecast at an individual staff level (principle of asset custodian).</p>	Jon Biswas
5	Installed antivirus protection at LSBU should be restructured to enable real time detection and prevention against malware.	Technology Enabled Flexibility	Greater prevention against malware being introduced into the Group IT ecosystem.	<p>30/10/2020 - Review scope of works to reconfigure antivirus.</p> <p>From 01/11/2020 - Antivirus is reconfigured and is fit for purpose.</p> <p>At SBC, a review will be undertaken to establish which servers require antivirus.</p>	Graeme Wolfe
6	Develop and implement a Group Backup Policy, including what should be backed up, where it will be backed up, how often, responsibility and monitoring.	Technology Enabled Flexibility/ Cloud Focused	Improved business continuity and disaster recovery.	<p>30/11/2020 – Backup Policy has been developed for the Group, with costs identified and approved by the Group Executive.</p> <p>01/12/2020 – Implementation begins. Duration will be defined by the strategy. To include</p>	Malvina Gooding

				integrity testing, as well as recovery testing, with full documentation.	
7	Develop and implement a Group patch management policy, describing the requirements for maintaining up-to-date operating system security patches and software version levels on all the Group owned estate and services supplied by third parties.	Technology Enabled Flexibility	Reduced risk of security breaches linked to vulnerable systems.	<p>31/10/2020 – Patch management policy approved.</p> <p>01/11/2020 – New patch management activity commences, and reporting begins</p>	Malvina Gooding/ Graeme Wolfe
8	Restrict USB usage based on the business needs and risk assessment.	Technology Enabled Flexibility	Greater prevention against malware being introduced into the Group IT ecosystem.	<p>30/11/2020 – Review of options for control of USB devices presented to the Group Executive with recommendations and associated costs.</p> <p>01/12/2020 – Implementation of chosen solution, duration dependent on the approach selected.</p>	Graeme Wolfe

9	Review and recommend the approach to local administrator accounts on Group computers.	Technology Enabled Flexibility	Reduced risk of security breaches linked to weak controls.	30/11/2020 – Analysis complete to understand the additional support burden on IT Services if this change is made. 01/12/2020 – Report options to Group Executive and agree the future policy. 01/01/2021 – Begin implementation of new policy	Malvina Gooding
10	Introduce an information security incident management procedure defining roles, responsibilities and escalation paths resulting from a serious information security incident.	Technology Enabled Flexibility	Improved responsiveness to security incidents and damage limitation of speedy response.	01/01/2021 - Procedure in place. 31/03/2021 - Mock text completed.	Graeme Wolfe
11	Establish a Group Access Control Policy, based on business and information security requirements.	Technology Enabled Flexibility	Reduced risk of security breaches linked to weak controls.	31/12/2020 – Role-based access policy introduced.	Malvina Gooding
12	At SBC, decommission or upgrade legacy systems running outdated operating systems	Technology Enabled Flexibility/ Cloud Focused	Reduced risk of security breaches linked to vulnerable systems.	31/12/2020 – email migration and remaining services assessed. Date TBC - consolidation of file system data and then migration to SharePoint online 31/08/2021 – data centre split and half relocated to SBC.	Malvina Gooding
13	Alongside mandatory cyber security training, develop an awareness raising campaign aimed at staff and students	People, Culture and Inclusion/ Technology Enabled Flexibility	Reduced risk of security breaches through phishing scams and social engineering attacks.	A plan of scheduled cyber security communications and activities is in place and delivered throughout the year.	Graeme Wolfe

14

Introduce multi-factor authentication on all appropriate systems

Technology Enabled Flexibility

Improved security controls linked to accessing systems.

TBC

Malvina Gooding

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	CONFIDENTIAL
Paper title:	CUC Higher Education Audit Committees Code of Practice
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 October 2020
Author:	Kerry Johnson, Governance Officer James Stevenson, Group Secretary
Sponsor:	Duncan Brown, Chair of Group Audit and Risk Committee
Purpose:	For approval
Recommendation:	The committee is requested to recommend adoption of the Higher Education Audit Committees Code of Practice to the Board.

Executive Summary

The Committee of University Chairs published the Higher Education Audit Committees Code of Practice in May 2020. The code sets out the key elements that enable HE providers to demonstrate their commitment to effective audit, and notes that ‘by visibly adopting the code, audit committees demonstrate leadership and stewardship in relation to the audit of their own institutions’.

The code is premised on an ‘apply or explain’ basis, meaning that governing bodies are expected to be able to explain and justify the reasons for not adopting elements of the code.

The governance team has reviewed the code and the Group Audit and Risk Committee already materially follows the provisions of the code.

The key elements of an effective audit committee, as set out by the code, are:

- Element 1: The role of the Audit Committee is clearly understood;
- Element 2: Audit Committee membership is independent, experienced and effective;
- Element 3: Audit Committee meetings are properly organised and supported;
- Element 4: The Audit Committee has enough resources and access;
- Element 5: The Audit Committee communicates regularly and effectively with the governing body and appropriate stakeholders;
- Element 6: The Audit Committee undertakes periodic assessments of its

- effectiveness;
- Element 7: The Audit Committee exercises effective oversight of external audit;
 - Element 8: The Audit Committee exercises effective oversight of internal audit.

The five areas identified that need to be addressed are:

1. The need for an effectiveness review – see separate section below;
2. The need to ensure that co-opted members obtain and maintain an appropriate understanding of the institution – Board papers to be provided to co-opted members following each meeting (redacted if necessary);
3. Maintaining the independence of the committee by facilitating a members only pre-meeting before – this is now in place;
4. Terms of appointment for committee members – appointment to GARC is currently co-terminous with a governor's term of office. The code suggests terms of three years, with staggered expiration dates, are common.
5. Committee pre-approval of non-audit work carried out by the external auditors – No formal policy is currently in place but this has been flagged to the Executive. A paper reviewing non-audit services is on the agenda.

Group Audit and Risk Committee effectiveness review

Under Element 6 of the code, audit committees are expected to periodically (a minimum of every four years) undertake a review of its terms of reference and its own effectiveness.

A light-touch effectiveness review of this committee was last carried out during June 2017. The Chair proposes to run a self-assessment exercise using the questions set out in appendix 3 of the code, to report to the February 2021 meeting of the committee.

Recommendation

The committee is requested to recommend adoption of the Higher Education Audit Committees Code of Practice to the Board.

Higher Education Audit Committees Code of Practice

May 2020

CUC
Committee of University Chairs

Higher Education Audit Committees

Code of Practice

Introduction

1. The contribution of effective audit arrangements to long-term organisational sustainability and success is widely recognised. In addition, effective audit arrangements provide reassurance to the public, regulators and other stakeholders as to the effectiveness of organisations, which in turn supports the autonomy of Higher Education providers.
2. Expectations of auditors are set out in various international, national and professional standards, Codes and guidelines. This Code's primary audience is HE providers' Audit Committees, and it is designed to support them in ensuring their institutions have the most effective audit arrangements.
3. The Code identifies the key principles and elements that form an effective Audit Committee. However, good audit practice is complex and goes beyond the adoption of the Code. Effective audit is not just about having a strong Audit Committee; it also requires competent and capable auditors coupled with an organisational culture which gives freedom to act; establishes authorities and accountabilities; and at its core fosters relationships based on mutual respect, trust and honesty.
4. By visibly adopting the Code, Audit Committees demonstrate leadership and stewardship in relation to the audit of their own institutions, and in doing so help to protect institutional reputation and provide a level of assurance to key stakeholders, partners (including the student community) and society more widely. The Code needs to be read alongside the governing instruments of HEIs and relevant legal and regulatory requirements.
5. While this Code takes account of international and national trends and developments, audit does not stand still. As the expectations of audit change, this Code itself will be reviewed regularly to ensure it remains fit for purpose – at least every four years and more regularly when there is significant change.

Using the Code

6. The Code sets out the key elements that enable HE providers to demonstrate their commitment to effective audit.
7. The autonomy and diversity of HE providers is one of the great strengths of the UK HE sector. Therefore, there is a need to ensure audit arrangements are proportionate and can apply to institutions irrespective of their size, complexity and legal form. Accordingly, this Code is premised on an 'apply or explain' basis in which the governing body is given a set of elements, but is not mandated to comply with everything. Governing bodies can determine, based on the advice of their Executive and considering size, scale and structure etc, which parts of the Code apply to them. However, they are expected to be able to explain and justify the reasons for not adopting elements of the Code.
8. Institutions that adopt the Code can confirm that they do so within the framework of an Audit Committee annual report that is made public and/or a separate statement within their annual accounts.

By visibly adopting the Code, Audit Committees demonstrate leadership and stewardship in relation to the audit of their own institutions.

9. This Code is written for providers that have an Audit Committee and an internal audit function. These are not requirements for all providers. However, some of the principles, ideas and elements might be adopted by other committees if there is no Audit Committee.

What does the HE Code of Governance say?

10. Working with the Executive, the governing body sets the mission and strategic direction of the institution. It receives assurance that delivery of the strategic plan is in line with legislative and regulatory requirements, institutional values and wider institutional policies and procedures, and that effective systems of control and risk management are in place.

Why is it important?

11. Regardless of type or size, success for HEIs is built on a foundation of sound governance and financial and reputational sustainability. This requires robust internal controls, including arrangements for securing:

- effective risk management;
- value for money;
- legal and regulatory compliance;
- reliable, accurate and timely management information;
- management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the OfS and Funding Councils, Research England and other bodies;
- appropriate disclosure and transparency; and
- a culture of uncompromising moral and ethical behaviour.

12. HEIs can access expertise in all these areas – and in the process more successfully fulfil their strategic goals – by using the knowledge and experience of Audit Committees and their auditors.

13. Culture is critical here: it is not just about ethical behaviour, but a culture across the organisation in which people can admit mistakes, embrace continual improvement and welcome constructive challenge. Audit Committees should act as the conscience of the HE provider and conduct their business in a way that provides the assurance required and, if necessary, identifies bad behaviour. Audit must not be a box-checking exercise (conducted to meet the narrowest definition of assurance), and should be about reputation, improvement, constructive challenge and innovation.

What are the key elements of an effective Audit Committee?

Element 1: The role of the Audit Committee is clearly understood.

Element 2: Audit Committee membership is independent, experienced and effective.

Element 3: Audit Committee meetings are properly organised and supported.

Element 4: The Audit Committee has enough resources and access.

Element 5: The Audit Committee communicates regularly and effectively with the governing body and appropriate stakeholders.

Element 6: The Audit Committee undertakes periodic assessments of its effectiveness.

Element 7: The Audit Committee exercises effective oversight of external audit.

Element 8: The Audit Committee exercises effective oversight of internal audit.

Audit Committees should act as the conscience of the HE provider and conduct their business in a way that provides the assurance required.

Element 1: The role of the Audit Committee is clearly understood

14. It is the role of the Audit Committee to advise and assist the governing body in respect of the entire assurance and control environment of the HE provider. Specifically, it will:
- review and recommend to the governing body for approval¹ the annual consolidated financial statements of the institution, including consideration of the external auditors' management letter and management responses to it;
 - seek appropriate assurances in order that it can advise the governing body on the effectiveness of the HE provider's arrangements for governance and internal control (see paragraph 10); and
 - receive and consider the annual Head of Internal Audit report.
15. Audit Committees must not have any executive authority over the management of the HE provider except for matters that are linked to the provision of assurance and delegated to it, e.g. appointment and dismissal of internal and external auditors, agreement of audit plans and commissioning of specialist advice, if necessary.
16. Institutions should ensure that appropriate members of the Executive are responsible for active engagement with audit processes, the auditors and recommendations for improvements as a result of audits that are agreed with the Audit Committee.
17. The role and responsibilities of the Audit Committee should be set out in written terms of reference, and should – with reference to the relevant regulatory requirements – include the following objectives:
- a) Monitor and review the effectiveness of the institution's entire risk management (including academic risk), control and governance arrangements. This will include compliance with the legal and regulatory framework that the institution operates within. This should include consideration of the culture and behaviour that is prevalent within the institution and arrangements that can affect reputation, such as the management of conflicts of interest.
 - b) Review the audit of the institution's financial statements, including the audit report, the statement of governors' responsibilities and the statement of internal control. Audit Committees can fulfil a broader role than this, to include all aspects of the review of the financial statements and stand back from the narrative reporting (in particular the Strategic Report) and consider whether it is fair and balanced.
 - c) Consider the transparency and openness of reporting throughout financial statements. There is a good case for separating the more dynamic financial decision making and support of the Finance Committee from the risk, data assurance and control role of the Audit Committee.
 - d) Satisfy itself that suitable arrangements are in place to ensure sustainability and promote economy, efficiency and effectiveness (value for money).
 - e) Consider and advise the governing body on the approach to internal audit – this can be an in-house function, membership of a consortia, outsourced or a hybrid approach. Once the approach is determined, the Audit Committee can consider the appointment and terms of engagement of the internal audit function (and the head of internal audit,

¹ In addition, there is often a Finance Committee that recommends approval of the financial statements after a detailed examination – this is different to Audit Committee review, which provides assurance that there has been a robust examination of the accounts via the internal process and the external audit.

The role and responsibilities of the Audit Committee should be set out in written terms of reference.

if applicable), the budget for audit, the provision of any non-audit services (e.g. consultancy) by internal auditors, and any questions arising from their resignation or dismissal.

- f) Review the nature and scope of the internal audit process and discuss with the internal auditors any problems and reservations arising from their audit, including their audit reports and any other matters the internal auditors may wish to discuss.
 - g) Consider and advise the governing body on the appointment and terms of reference of the external auditors, the audit fee, the provision of any non-audit services by the external auditors, and any questions of their resignation or dismissal.
 - h) Review the nature and scope of the external audit process and discuss with the external auditors any problems and reservations arising from their audit, including the external audit management letter and any other matters the external auditors may wish to discuss.
 - i) Monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their independence and objectivity.
 - j) Monitor other relevant sources of assurance, for example other external reviews
 - k) Oversee the provider's policies related to ethical² and other behaviours, including whistleblowing, anti-bribery, material adverse or reportable events, fraud and irregularity etc. – including being notified of any action taken under these policies (see Appendix 2).
18. The Audit Committee's terms of reference should be coordinated with the responsibilities of other governing body or Senate/Academic Board Committees in the institution, for example where there is a Finance Committee, a Risk Management Committee, and other committees focused on risk (e.g. an Investment Committee or an Environment, Health and Safety Committee). These Committees may be required to consider the same issue from different perspectives. Care should be taken to clearly define the roles and responsibilities of each committee, when collaboration is required, whether cross-membership is allowed and whether the Audit Committee Chair or members might attend other committee meetings as an observer (and vice versa).
19. Audit Committee model terms of reference can be found in Appendix 1. These model terms of reference are intended to assist Audit Committees in creating or updating their own terms of reference for their specific circumstances. They are not prescriptive and serve only as a guide in establishing the Audit Committee's work plan and meeting agendas.

Element 2: Audit Committee membership is independent, experienced and effective

20. The Audit Committee should consist of at least three independent members of the governing body and can co-opt non-members with relevant expertise or interests when necessary. All members of the Committee should be independent, objective and non-executive. The Audit Committee Chair should be a member of and appointed by the governing body. All members should be appointed by the governing body, and any 'independent member' (i.e. not a governing body member) should be appointed via the Nominations

² Sometimes questions arise as to whether this includes all aspects of ethics, e.g. Research Ethics Committees' and policies. The Audit Committee's role is to provide assurance that there is an appropriate framework for managing research ethics, not to second-guess decisions made by an Ethics Committee.

The Audit Committee should consist of at least three independent members of the governing body and can co-opt non-members with relevant expertise or interests when necessary.

Committee. Members will need the appropriate mix of skills and experience to allow them to discharge their duties effectively. At least one member of the Audit Committee should have recent and relevant experience in accounting or auditing.

21. The size of the Audit Committee will vary depending on the needs and culture of the institution and the extent of responsibilities delegated to the Committee by the governing body. Committees of three to five individuals are generally most appropriate because they provide for a sufficiently wide range of skills, perspectives and experience.
22. The Committee should have the right, whenever it is satisfied that this is appropriate, to go into confidential session and exclude any or all other participants and observers other than the Audit Committee Secretary. A useful approach is for Audit Committees to routinely have member-only sessions before a meeting, then invite only the auditors to discuss anything they might wish to keep private, and at the end, ask the auditors to leave to give the Executive the opportunity to raise any further private matters. This stops such sessions being seen as somehow related to a particular problem or critical issue.
23. As co-opted members are appointed only to the Audit Committee and not the governing body they will have to make efforts to obtain and maintain an appropriate understanding of the institution. In this respect, appropriate induction training is critical, as is an ongoing programme of activity to ensure that members maintain enough appropriate contact with the organisation. Where appropriate, co-opted members could be copied in on the minutes of the governing body and the papers prepared for its meetings. Whether or not papers are copied, the key requirement is that members need to understand how the HEI operates, its critical processes, the HE sector and key legislation affecting the sector. They also need to understand the role of auditors. This enables them to challenge rigorously and support appropriately, as required.
24. Appointments to the Audit Committee, including co-option arrangements, should be transparent and made by the governing body on the recommendation of the Nomination Committee, in consultation with the Chair of the Audit Committee. Terms of three years, with staggered expiration dates and clear succession planning to help to ensure continuity, are common.
25. All Audit Committee members need to be independent and objective. Senior employees of the institution are generally not considered independent and should not be members of the Audit Committee. Similarly, the Vice-Chancellor, Chair of the governing body and Chair of the Finance Committee (or equivalent) should not be members of the Audit Committee. This does not preclude the Secretary to the Committee being an employee. Nevertheless, some institutions appoint students and staff to their Audit Committees on the basis that it builds trust, promotes inclusion and demonstrates transparency.
26. When determining the independence of an Audit Committee member, the governing body might consider whether any material relationships or circumstances could affect (or appear to affect) the member's judgement. Such relationships and circumstances may occur if the individual has:
 - or has had within the last three years, a material business relationship with the institution, either directly or as a partner, shareholder, director, consultant or senior employee of a body which has such a relationship with the institution; has

The size of the Audit Committee will vary depending on the needs and culture of the institution and the extent of responsibilities delegated to the Committee by the governing body.

- been an employee of the institution within the last five years;
 - close family ties with any of the institution’s advisers, officers or senior employees; or has
 - significant links with any of the institution’s auditors, advisers, officers or senior employees through involvement in other bodies.
27. Audit Committee members are not usually members of a Finance Committee or its equivalent. This is because the Audit Committee needs the independence to be able to challenge the Finance Committee. Cross-representation might be appropriate where the following conditions are met:
- the Audit Committee has at least three members (not counting co-optees);
 - the person serving on both Committees is not the Chair of either; or
 - in institutions which have a treasurer, that person does not serve on both Committees (albeit this individual might attend the meetings of both Committees).
28. Notwithstanding the above, consideration might be given to Audit Committee members occasionally attending Finance Committee meetings by invitation, as observers and vice versa. Consideration should be given to the ongoing independence of the Audit Committee if there is a regular observer, as this could adversely influence the work and deliberations of the Committee.
29. In determining who should sit on the Audit Committee, the governing body should not lose sight of the fact that the Committee’s remit is much broader than financial audit. The Audit Committee’s approach should always be risk-based, and therefore its remit encompasses aspects of governance; culture and behaviour; risk management (including academic risk) and control, as well as the economy; efficiency and effectiveness of the institution’s activities. It is important that the Audit Committee seeks multiple inputs into its deliberations drawing on Executive management, internal and external auditors and any other expert voices it feels necessary to be able to reach a rounded conclusion.
30. Equally, it may be beneficial for members to have experience in areas pertinent to the institution and the specific circumstances in which it operates. For example, including staff from other institutions on the Audit Committee may help the Committee to draw its conclusions as to whether certain governance, risk or control processes will be easily embedded within the fabric of the institution.
31. When determining the composition of the Audit Committee, it is also important to balance experience in several different areas with a wide range of knowledge, skills and personal attributes such as:
- sound judgement;
 - integrity and probity;
 - the ability to question intelligently and with relevance;
 - the ability to and debate constructively;
 - the ability to challenge rigorously and decide dispassionately; and
 - being trusted and respected by other governing body and Committee members.
32. It is important to emphasise that effective Audit Committees are about the people and their behaviours more than the processes and structures. This means that all members need to make sure they attend most meetings, prepare appropriately and make an effective contribution. To contribute

In determining who should sit on the Audit Committee, the governing body should not lose sight of the fact that the Committee’s remit is much broader than financial audit.

means that they will need a good understanding of the business. The roles of the Chair and Clerk are crucial in ensuring an appropriate rigour of debate; effective relationships with management and auditors and checking that the Committee continuously adds value to the operations of the institution.

Element 3: Audit Committee meetings are properly organised and supported

33. Audit Committee meetings need to coincide with key dates within the financial reporting and audit cycle to enable the Committee to make timely and influential decisions. A quorum will normally be at least two members, one of whom must be a member of governing body. If there is only one member of a governing body present, they should take the Chair for the meeting. If members are unable to attend, then provision should be made for them to provide comments on any papers, either via the Committee Secretary or the Chair, in advance of the meeting.
34. Audit Committees need a set of standing orders within the context of general governance arrangements for the provider to ensure the proper conduct of business. These standing orders must be approved by the governing body and be subject to regular review (i.e. at least biennially).
35. Notwithstanding the Audit Committee's right to decide who is entitled to attend any meeting, the internal and external auditors should have unrestricted right of access to the Audit Committee and/or its Chair and the right to ask the Chair to convene a meeting if necessary. The single exception would be agenda items covering the review of the audit service itself.

Element 4: The Audit Committee has enough resources and access

36. The Audit Committee must be provided with enough resources to undertake its duties and make effective use of its time. The Committee must have the right to obtain all the information it considers necessary and to consult directly with the internal auditors, external auditors, Executive management and any employees it considers necessary.
37. The governing body should make funds available to the Audit Committee to enable it to take independent legal, accounting or other advice when the Committee reasonably believes it necessary to do so.
38. The institution should provide an induction programme for new Audit Committee members. This should cover the role of the Audit Committee, including its terms of reference and expected time commitment by members, and an overview of the institution including, for example, its key risks and critical accounting policies. Depending on skills and experience this may need to be supplemented by a development programme.
39. The Audit Committee should have a Secretary – normally the clerk to the governing body or some other independent person. In determining the Secretary to the Committee, the governing body should consider whether the proposed Secretary has significant financial or other senior management responsibilities that might impair, or be seen to impair, the independence of the individual.

Element 5: The Audit Committee communicates regularly and effectively with the governing body and appropriate stakeholders

40. The Audit Committee should ensure that it communicates effectively with the governing body, head of finance (or equivalent), internal auditor, external auditor and other stakeholders. The key channel of communication is via the Audit Committee Chair.

The Audit Committee must be provided with enough resources to undertake its duties and make effective use of its time.

41. The Audit Committee also needs to have open, timely communications with the governing body if it is to assist the governing body effectively in discharging its responsibility for adequate and effective risk management, culture, control and governance and for the economy, efficiency and effectiveness of the institution's activities. This may be via written reports at Board meetings, written information in between meetings and oral reports at Board meetings from the Chair.
42. The Audit Committee should produce an annual report for the governing body and the Head of Institution, timed to support the preparation of the published financial statements.
43. The Audit Committee should consider the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of members' responsibilities and the statement of internal control, and when satisfied recommend them to the governing body for approval.
44. The annual report should include the Committee's opinion of the adequacy and effectiveness of the institution's arrangements for risk management, control and governance, sustainability, economy, efficiency and effectiveness (value for money) and the quality of data submitted to regulatory bodies. The report should describe how the Audit Committee has discharged its duties and should include any significant issues arising during the financial year and the period up to the date of the report.
45. The governing body needs to monitor any changes from the date of the Audit Committee report to the date of approval of the audited financial statements as the statement of internal control must explicitly relate to the period covered by the financial statements, and the period up to Board approval.

Element 6: The Audit Committee undertakes periodic assessments of its effectiveness

46. The Audit Committee should periodically (a minimum of every four years) undertake a review of its terms of reference and its own effectiveness and recommend any necessary changes to the governing body.
47. There is no right way to conduct such a review, but some form of assessment is desirable every year, and it is best that different approaches are used in different years. So, one year, it might simply be a discussion in a member-only session about how things have gone and what might be changed. Another year, there might be a questionnaire issued to members, auditors³ and senior managers, while occasionally there may be merit in asking for some external input – perhaps from the Audit Chair or the Head of Audit from another institution, and sometimes from an independent reviewer (typically as part of an independent review of the institution's overall governance arrangements). Possible areas for consideration are set out in Appendix 3).

Element 7: The Audit Committee exercises effective oversight of external audit

48. The Audit Committee assists the governing body by providing independent oversight over external audit. Specifically, the Audit Committee should:
 - a) Consider and advise the governing body on the appointment and terms of reference of the external auditors, having done due diligence on the audit

The Audit Committee should produce an annual report for the governing body and the Head of Institution, timed to support the preparation of the published financial statements.

³ Auditors should only be asked about how well the Committee performs its role about the effectiveness of other auditors.

firm including their membership of a professional institute (which ensures that they will comply with relevant audit codes and regulations), and ensure through contract that they will comply with relevant audit codes and regulations, the audit fee, the provision of any non-audit services by the external auditors, and any questions arising from their resignation or dismissal.

- b) Review the nature and scope of the external audit process and discuss with the external auditors any problems and reservations arising from their audit, including the management letter and any other matters the external auditors may wish to discuss.
 - c) Monitor the performance and effectiveness of the external auditors each year, including any matters affecting their independence and objectivity.
 - d) Consider the external auditor's independence and request from the auditor a statement that sets out the auditor's processes used to ensure their independence and objectivity, taking into consideration relevant UK professional and regulatory requirements. For its part, the audit firm should have properly monitored internal policies and procedures in place to establish that the firm and its individual members are independent from the institution. This should take place at intervals of, at most, one year.
49. The Audit Committee needs to ensure that it exercises appropriate oversight over the audit of subsidiaries as well as the institution itself. Where the same firm audits both subsidiary entities and the institution, the Audit Committee should review the nature, scope and results of the external audit process with the 'group' auditor. Similar considerations apply where subsidiary entities are audited by different auditors. Here, the Audit Committee needs to satisfy itself that the group auditor is factoring into the audit plan significant subsidiary audit risks, and that appropriate audit evidence is sought.
50. The governing body, acting on the advice of the Audit Committee, may pass a resolution to remove the auditors before the end of their term of office if serious shortcomings are identified.
51. Where auditors cease to hold office for any reason, they should provide the governing body with a statement of any circumstances connected with their removal which they consider should be brought to the governing body's attention, or a statement that there are no such circumstances. The Audit Committee should investigate the issues giving rise to such resignation or removal and consider whether any action is required. If necessary, the Audit Committee Chair should ensure that each member of the governing body has a copy of the auditors' statement.
52. To help ensure that non-audit services provided by the auditor do not impair, or appear to impair, the auditor's independence or objectivity, the Audit Committee should develop a policy on the provision and pre-approval of all non-audit services. In determining this policy, the Committee should consider the skills and experience of the audit firm, potential threats to the auditor's independence and objectivity, and any controls put in place by the institution and the auditor to mitigate such threats.
53. The pre-approved policy devised by the Audit Committee should formally specify the types of non-audit work from which the external auditor should be excluded, and the types of work for which the external auditor can be engaged. The policy should ensure that the auditor has appropriate procedures to ensure compliance with their profession's ethical standards.

The governing body, acting on the advice of the Audit Committee, may pass a resolution to remove the auditors before the end of their term of office if serious shortcomings are identified.

54. Where the institution is incorporated under the Companies Acts, the 'directors' (members of the governing body) are required to report publicly that they have taken steps to make themselves aware of relevant audit information and have disclosed all relevant information to the external auditor.
55. At the end of the audit cycle, the Audit Committee should review the audit findings, including any changes in audit approach or any modification to the auditor's report. The issues to be discussed will depend on institutional and audit circumstances. Nevertheless, the Audit Committee should:
- discuss with the external auditor any major issues that arose during the audit and were subsequently resolved, and those issues that have been left unresolved;
 - review any problems detected in internal control;
 - review key accounting and audit judgements; and
 - review levels of errors identified during the audit, obtaining explanations from management and, where necessary, the external auditor about why certain errors might remain uncorrected.

Element 8: The Audit Committee exercises effective oversight of internal audit

56. The Audit Committee assists the governing body by providing independent oversight over internal audit. Specifically, the Committee should:
- assist the governing body in the appointment, or termination of appointment, of the institution's head of internal audit or externally provided internal audit function. The Committee's recommendation to the governing body should be based on its assessment of the qualifications, expertise, resources and independence of the internal auditor and the effectiveness of the audit process (see below);
 - ensure that the internal auditors have direct access to the Chair of the Audit Committee and the governing body, and are directly accountable to the Audit Committee for their performance;
 - review and assess the internal audit work plan;
 - receive periodic reports on the results of the internal auditors' work;
 - review and monitor management's responsiveness to the internal auditors' findings and recommendations;
 - monitor internal auditors' performance annually against agreed performance measures; and
 - ensure that internal audit is properly positioned within the institution and is adequately resourced to fulfil its role effectively.
57. The contracts for any externally provided services should be subject to competitive tender at least every five years, subject to any procurement rules. Contracts should include a clause to allow for earlier termination in the event of unsatisfactory performance.
58. Provision should be made for outgoing auditors to complete their work and submit their final annual report. Attendance by the outgoing auditors at the appropriate Audit Committee meeting should also be considered. If there is a change in auditor, institutions should ensure that the new contract immediately follows the end of the old contract or make other suitable arrangements.
59. Subject to normal staffing arrangements (for in-house auditors) and any contractual arrangements, only the governing body (or the Audit Committee where delegated authority exists) in consultation with the Vice-Chancellor (or equivalent) may pass a resolution to remove the external auditors before the end of their term of office if serious shortcomings are identified.

The contracts for any externally provided services should be subject to competitive tender at least every five years, subject to any procurement rules.

60. The Audit Committee should review the audit plan and satisfy itself that appropriate audit coverage will cover all the institution's assurance needs. This includes ensuring that the requirements of regulators are actively considered as part of the planning process. If internal audit is not covering an area, then other means of assurance should be in place. When the Audit Committee is satisfied with the audit plan, it should, if its terms of reference so require, recommend the plan to the governing body for approval. Once the plan has been approved, the Audit Committee should monitor the auditors' progress against it during the year. Ideally, the Audit Committee will operate a rolling planning cycle to ensure each key area is considered at least once every three years.
61. The Audit Committee should also do its utmost to ensure that internal audit has:
- enough respect and support within the institution;
 - unrestricted access to all records, assets, personnel and premises;
 - authorisation to obtain whatever information and explanations are considered necessary by the head of internal audit; and
 - adequate human and other resources to perform its work effectively.
62. While the internal auditors report to the HOI (or equivalent) on a day-to-day basis, the Audit Committee has an oversight responsibility. As such, the Committee needs to determine appropriate communication channels and reporting arrangements with internal audit. This will include the unrestricted right of the Head of Internal Audit to report any matter they deem appropriate to the Chair of the Audit Committee. It is important to make best use of members' time and effectively manage the amount of paperwork received by Audit Committees. Some Audit Committees want to see every audit report, some a summary of every report, some only reports with limited (or no) assurance and others a periodic summary. Progress reports, comparing audit activity against the audit plan, are also useful.
63. It is important that the Audit Committee considers significant individual audit findings or recommendations, though it need not be concerned with more detailed findings unless the Committee considers it valuable to do so.
64. The governing body, advised by the Audit Committee, should ultimately be responsible for either ensuring that management takes prompt and effective action on those audit reports which call for it, or recognising and accepting the risks of management's inaction.
65. The internal audit service should provide the governing body and HOI with an annual report of its activities. This report should relate to the financial year and should include any significant issues up to the date of the report. Such reports are generally reviewed by the Audit Committee.
66. When agreeing appropriate performance measures for internal audit, the Audit Committee should recognise that, to be effective, such measures need to be adapted to each institution's requirements. The following are some of the more common measures used to monitor the performance of internal audit, but selection is a matter for each institution:
- performance against agreed programme, scope and time;
 - staffing continuity, skills mix, quality and seniority of team;
 - timeliness of engagements and reports;
 - clarity and accuracy of reports, and effectiveness of follow-up of previous recommendations;
 - Audit Committee attendance;
 - focus on risk and key issues; and
 - openness in discussion with the Audit Committee.

It is important to make best use of members' time and effectively manage the amount of paperwork received by Audit Committees.

Appendix 1

Audit Committee: model terms of reference

Constitution

The governing body has established a Committee of the governing body known as the Audit Committee.

Scope

It is the role of the Audit Committee to advise and assist the governing body in respect of the entire assurance and control environment of the institution.

Membership

All members of the Audit Committee and its Chair shall be appointed by the governing body, from among its own members, and must consist of members with no executive responsibility for the management of the institution. There shall be no fewer than three members; a quorum shall be at least two members. The Chair of the governing body and Chair of the Finance Committee should not be members of the Audit Committee. Members should not have significant interests in the institution.

At least one member should have recent relevant experience in finance, accounting or auditing. The Committee may, if it considers it necessary or desirable, co-opt members with relevant expertise.

Attendance at meetings

The head of finance (or equivalent), the head of internal audit and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed. The Committee has the right, whenever it is satisfied that this is appropriate, to go into confidential session and exclude any or all other participants and observers other than the Audit Committee Secretary.

Frequency of meetings

Meetings shall normally be held four times each financial year. The external auditors or head of internal audit may request additional meetings if they consider it necessary.

Authority

The Committee is authorised by the governing body to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to cooperate with requests made by the Committee.

The Committee is authorised by the governing body to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the HOI and/or Chair of the governing body. However, it may not incur direct expenditure in this respect more than £xx without the prior approval of the governing body.

At least one member should have recent relevant experience in finance, accounting or auditing.

The Audit Committee is authorised to approve⁴ all audit planning documents on behalf of the governing body.

The Audit Committee will review the audit of the draft annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the external auditors' management letter. The Committee should, where appropriate, confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report to the governing body.

Duties

The duties of the Committee shall be to:

- a) Advise the governing body on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors, and any questions of resignation or dismissal of the external auditors.
- b) Discuss with the external auditors, before the audit begins, the nature and scope of the audit.
- c) Discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the management letter, incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
- d) Consider and advise the governing body on the appointment and terms of engagement of the internal audit service (and the head of internal audit if applicable), the audit fee, the provision of any non-audit services by the internal auditors, and any questions of resignation or dismissal of the internal auditors.
- e) Review the internal auditors' audit risk assessment, strategy and programme; consider major findings of internal audit investigations and management response; and promote coordination between the internal and external auditors. The Committee will ensure that the resources made available for internal audit are enough to meet the institution's needs (or make a recommendation to the governing body as appropriate).
- f) Keep under review the effectiveness of the risk management, culture, control and governance arrangements and review the external auditors' management letter, the internal auditors' annual report and management responses.
- g) Monitor the implementation of agreed audit-based recommendations from whatever source.
- h) Ensure that all significant losses have been thoroughly investigated and that the internal and external auditors – and where appropriate the regulator – have been informed.
- i) Oversee the institution's policy on fraud and irregularity, including being notified of any action taken under that policy.
- j) Satisfy itself that suitable arrangements are in place to ensure the sustainability of the institution and to promote economy, efficiency and effectiveness. This may include consideration of arrangements that:
 - a) support the culture and behaviour that is prevalent within the institution;
 - b) ensure the effective management of conflicts of interest; and
 - c) enable the appointment of 'fit and proper persons' to the governing body and senior executive positions.

The Audit Committee will review the audit of the draft annual financial statements.

⁴ Or recommend to the governing body for approval.

- k) Satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies.
- l) Receive any relevant reports from the National Audit Office and its equivalents in Scotland, Wales and Northern Ireland, the regulator and other organisations.
- m) Monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the governing body concerning their reappointment, where appropriate.
- n) Monitor other relevant sources of assurance, for example other external reviews.
- o) Consider elements of the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of members' responsibilities and the statement of internal control, in accordance with the regulator's accounts directions.
- p) In the event of the merger or dissolution of the institution, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

Reporting procedures

The minutes (or a report) of meetings of the Audit Committee will be circulated to all members of the governing body.

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

- risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts); and
- sustainability, economy, efficiency and effectiveness.

This opinion should be based on the information presented to the Committee. The Audit Committee annual report should normally be submitted to the governing body before the members' responsibility statement in the annual financial statements is signed. The report will usually be published after consideration by the governing body.

Clerking arrangements

The clerk to the Audit Committee will be the Secretary to the governing body (or another appropriate independent individual).

Review

The Audit Committee should periodically (and at a minimum of every four years) undertake a review of its terms of reference and its own effectiveness and recommend any necessary changes to the governing body.

The Audit Committee should periodically (and at a minimum of every four years) undertake a review of its terms of reference and its own effectiveness.

Appendix 2

The role of the Audit Committee related to ethical and other behaviour⁵

The Audit Committee should question whether management has considered those risks likely to have the greatest financial, reputational or regulatory impact on the institution. This should include:

- how the Nolan Principles are integrated into the operations of the provider;
- the management of whistleblowing procedures;
- arrangements for anti-bribery;
- tests for 'fit and proper persons'/reference checking;
- the identification and reporting of material adverse events;
- identifying fraud risks and a rigorous assessment of any relevant internal controls and their ability to prevent and/or detect fraud; and
- the management of conflicts of interest.

The Audit Committee should determine whether a consistent approach is taken across the provider, whether the risks assessed as high are dealt with appropriately, and whether management is engaged in the process.

The Audit Committee should enquire as to whether the institution has an effective awareness programme which is updated as appropriate and provided in a relevant format to different levels of management and staff (including new joiners).

The Audit Committee is not involved in day-to-day management, and therefore not closely involved with the detail of matters related to these activities, behaviours and procedures. However, it can usefully focus attention on the need for proper policies and procedures to help in protecting reputation. In some institutions the governing body may delegate this role to an Ethics Committee.

The Audit Committee should question whether appropriate policies have been issued and whether they are user-friendly and adopted throughout the institution. Policies which might be considered include a fraud-response plan, a whistleblowing policy (see below), induction and appraisal arrangements, etc. The Committee should consider not just whether these policies are appropriate, but whether they are effective and how management has confirmed this. The Audit Committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action – i.e. an oversight role.

The Committee should ensure that management is providing clear direction to the institution on ethical and other behaviour and requesting and receiving relevant information on suspected breaches and risks.

The following are, among other factors, sometimes seen as symptomatic of a potential for breaches in appropriate behaviour to occur:

- overly dominant senior executives with unfettered powers;
- frequent changes in finance or other key personnel, auditors or other professional advisers;
- implausible explanations as to reductions in satisfaction levels and/or rises in complaints, unexpected costs, surpluses, or projections that are too good to be true;

The Audit Committee should question whether management has considered those risks likely to have the greatest financial, reputational or regulatory impact on the institution.

⁵ Including whistleblowing, anti-bribery, material adverse and reputational events, fraud and irregularity, etc.

- a lack of justification for special arrangements made for specific staff or contractors;
- individuals who have expensive lifestyles or behaviours that are potentially at variance with the remuneration they receive from the institution;
- decision-making processes that are not transparent; and
- discouragement of constructive challenge.

Appendix 3

Audit Committee Self-Review

There is no 'right' way to carry out such a review, but the following is a set of statements which can be used as a basis for such a review. Members of the Committee can use this as an agenda for discussion, as a questionnaire for individual completion and collation, or as an aide memoire for an external reviewer to use at interview. There are other questions that might be asked, and equally it may not be necessary to ask each question every year. The questions can be considered by members, auditors and managers.

Theme 1: Committee focus

1. The Committee has clear and agreed terms of reference.
2. The Committee has a clear understanding of their roles and responsibilities, including, where appropriate, those relevant to bodies in receipt of public funds.
3. The Committee has set itself a series of objectives it wants to achieve this year.
4. The Committee has made a conscious decision about how it wants to operate in terms of the level of information it would like to receive for each of the items in its cycle of business.
5. Committee members contribute regularly across the range of issues discussed.
6. The Committee is fully aware of the key controls, sources of assurance and who provides them, and who is responsible for mitigating the key risks to the organisation.
7. The Committee clearly understands and receives assurances and oversees controls to manage/operate key functions.
8. Consideration is given to all the areas within the Committee's remit, appropriate to the significance and risk to the institution.

Theme 2: Committee team working

9. The Committee has the right balance of experience, knowledge and skills to fulfil the role described in its terms of reference.
10. The Committee has at least one member who has a good understanding or experience of auditing.
11. The Committee has at least one member who has a recent and relevant accounting background.
12. The Committee has structured its agenda to cover all areas within its remit.
13. The Committee builds constructive professional relationships with both internal and external auditors.
14. The Committee ensures that the relevant manager attends meetings to enable it to secure the required level of understanding of the reports and information it receives.
15. Management fully briefs the Committee in relation to the key risks, assurances and gaps in control/assurance in a timely fashion.
16. Members feel sufficiently comfortable within the Committee environment to be able to express their views, doubts and opinions.
17. Members understand the information and messages discussed at meetings.
18. When a decision has been made or action agreed, members feel confident that it will be implemented as agreed and in line with the timescale set down.

Theme 3: Committee effectiveness

19. The quality of Committee papers received allows members to perform their roles effectively.
20. The timeliness of Committee papers received allows members to perform their roles effectively.
21. Members provide real and genuine challenge.
22. Debate can flow, and conclusions are reached without being limited by time constraints, etc.
23. Each agenda item is 'closed off' appropriately so that members are clear what the conclusion is, who is doing what, when and how, and how progress will be monitored.
24. At the end of each meeting members discuss the outcomes and reflect on decisions made and what did and did not work well.
25. The Committee provides a written summary report of its meetings to the governing body.
26. The governing body understands the reporting from the Committee.
27. There is a formal appraisal of the Committee's effectiveness each year. The appraisal is evidence-based and considers the views of members and external contributors.

Theme 4: Committee engagement

28. The Committee reviews internal audit plans, ensuring appropriate internal audit coverage of key control systems and the proper degree of coordination of work with external auditors.
29. The Committee reviews the external audit scope and approach, ensuring members understand and are satisfied with the extent of audit work anticipated and the level of assurance obtained.
30. The Committee actively challenges management to gain a clear understanding of key matters.
31. The Committee is clear about the complementary relationship it has with the other governing body or Senate/Academic Board Committees.

Theme 5: Committee leadership

32. The Committee Chair has a positive impact on Committee performance.
33. Committee meetings are chaired effectively and with clarity of purpose and outcome.
34. The Committee Chair is visible within the organisation and is considered approachable.
35. The Committee Chair allows debate to flow freely and does not assert their own views too strongly.
36. The Committee Chair provides clear and concise information to the governing body on the activities of the Committee and the implications of all identified risks, gaps in control and assurances.

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	CONFIDENTIAL
Paper title:	Internal Audit –Progress Report
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 th October 2020
Author:	BDO
Sponsor:	Richard Flatman - Group Chief Financial Officer
Purpose:	For noting
Recommendation:	The Committee is requested to note the report.

Summary

Fieldwork for all of the 19/20 Programme is now complete and all reports have been issued with the exception of three reports which are in draft awaiting management comment and approval. The attached reports show the level of assurance for each review and the number and risk rating of recommendations made.

Recommendation:

The Committee is requested to note this report.

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INTERNAL AUDIT PROGRESS REPORT

LONDON SOUTH BANK UNIVERSITY GROUP

October 2020

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INTERNAL AUDIT PROGRESS SUMMARY

2019-20 Audit Programme

The status of our work is as follows:

Final reports	Draft reports	Fieldwork	Planning
<ul style="list-style-type: none"> ▶ LSBU Family Transition ▶ Student data continuous auditing - part 2 ▶ UKVI Tier 4 ▶ Apprenticeships ▶ Estates capital programme ▶ Recommendation follow up 	<ul style="list-style-type: none"> ▶ Risk management ▶ SBC health and safety ▶ SBC Data quality 	N/A	N/A

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2020-21 Audit Programme

The status of our work is as follows:




















Final reports	Draft reports	Fieldwork	Planning
	<ul style="list-style-type: none"> ▶ HR policies and procedures 	<ul style="list-style-type: none"> ▶ Covid-19 response 	<ul style="list-style-type: none"> ▶ Financial controls (LSBU) ▶ Management information and KPIs ▶ Teaching Excellence Framework ▶ UUK Code compliance ▶ Apprenticeships (SBC)






INTERNAL AUDIT PLAN 2019-20 DETAILED SCHEDULE

Audit area	Entity	Original Days	Planned Start	TOR sent	Current Status	Planned Audit & Risk Committee	Actual Audit & Risk Committee	Recommendations made			Assurance level	
											Design	Effectiveness
Governance, compliance and risk management												
Risk management	Group	10	29 Jun 20	4 Jun 20	Draft report	5 Nov 20						
LSBU family transition	Group	10	17 Aug 20	30 Jul 20	Final Report	6 Oct 20	6 Oct 20	0	0	1		
Health and safety	SBC	8	26 Jun 20	10 April 20	Draft report	5 Nov 20						
	SBA	6	N/A	N/A	Cancelled	18 Jun 20						
Finance and management information												
Financial systems and controls (continuous auditing - finance)	LSBU	25	12 Aug 19	24 Jul 19	Final report	7 Nov 19	7 Nov 19	2	4	3		
			17 Feb 20	24 Jan 20	Final report	18 Jun 20	18 Jun 20	1	8	2		
	SBC	7	9 Dec 19	25 Nov 19	Final report	13 Feb 20	13 Feb 20	2	2	1		
	SBA	5	2 Dec 19	14 Nov 19	Final report	13 Feb 20	13 Feb 20	4	4	0		
Data quality/ MIS	LSBU	8	9 Mar 20	4 Mar 20	Final report	18 Jun 20	18 Jun 20	0	1	2		
	SBC	5	27 Jul 20	9 Mar 20	Draft report	5 Nov 20						
Continuous auditing - student data	LSBU	25	28 Oct 19	10 Oct 19	Final report	13 Feb 20	13 Feb 20	0	3	4		
			18 May 20	13 May 20	Final report	18 Jun 20	6 Oct 20	0	1	2		


INTERNAL AUDIT PLAN 2019-20 DETAILED SCHEDULE

Audit area	Entity	Original Days	Planned Start	TOR sent	Current Status	Planned Audit & Risk Committee	Actual Audit & Risk Committee	Recommendations made			Assurance level	
											Design	Effectiveness
Core activities												
Apprenticeships	LSBU	9	20 Apr 20	3 Apr 20	Final report	6 Oct 20	6 Oct 20	0	2	1		
	SBC	6	N/A	N/A	Postponed	6 Oct 20						
UKVI compliance (Tier 2 and 5)	LSBU	8	14 Nov 19	1 Nov 19	Final report	13 Feb 20	13 Feb 20	0	7	0		
UKVI compliance (Tier 4)	LSBU	7	4 May 20	27 Apr 20	Final report	6 Oct 20	6 Oct 20	1	6	2		
Research and enterprise												
REF preparation	LSBU	6	11 Feb 20	27 Jan 20	Final report	18 Jun 20	18 Jun 20	0	4	4		
Estates infrastructure and services												
Estates development/ capital programme	LSBU SBC	15	8 Jun 20	19 May 20	Final report	6 Oct 20	6 Oct 20	0	1	3		
Information technology												
IT security	LSBU											
	SBC	20	11 May 20	4 May 20	Final report	6 Oct 20	7 Sep 20	7	22	2		
	SBA											
Management and recommendation follow up												
Recommendation follow up	Group	8			Ongoing							
Management		18	Ongoing									





INTERNAL AUDIT PLAN 2020-21 DETAILED SCHEDULE

Audit area	Entity	Original Days	Planned Start	TOR sent	Current Status	Planned Audit & Risk Committee	Actual Audit & Risk Committee	Recommendations made			Assurance level	
											Design	Effectiveness
Governance, compliance and risk management												
Business continuity/ Covid-19 risk assessment and response	Group	15	21/09/20	16/09/20	Fieldwork	Nov 20						
Regulatory audit	SBC	6	11/01/21			Jun 21						
Corporate governance	LSBU	10	TBC			Jun 21						
Finance and management information												
Financial systems and controls	LSBU	12	08/12/20		Planning	Feb 21						
	SBA	7	04/01/21			Feb 21						
	SBC	7	08/03/21			Jun 21						
Management information and performance reporting	Group	15	16/11/20		Planning	Feb 21						
Facilities contract management	SBA	7	05/04/21			Jun 21						
Core activities												
Apprenticeships	SBC	7	19/10//20		Planning	Feb 21						
Student experience	LSBU	18	01/02/21			Jun 21						
	SBC											
Student wellbeing	LSBU	8	10/05/21			Sep 21						




INTERNAL AUDIT PLAN 2020-21 DETAILED SCHEDULE

Audit area	Entity	Original Days	Planned Start	TOR sent	Current Status	Planned Audit & Risk Committee	Actual Audit & Risk Committee	Recommendations made			Assurance level	
											Design	Effectiveness
Core activities continued												
Teaching Excellence Framework	LSBU	8	25/10/20		Planning	Feb 21						
Student admissions and enrolment	SBC	7	08/02/21			Jun 21						
Estates infrastructure and services												
London Road refurbishment	LSBU	8	07/06/21			Jun 21						
Universities UK/ Guild HE Code compliance	LSBU	10	07/12/20		Planning	Feb 21						
Information technology												
IT disaster recovery	Group	20	04/05/21			Sep 21						
Human Resources												
HR policies and procedures	SBA	5	17/08/20	10/08/20	Draft report	Nov 20						
Staff absence management	SBC	8	04/01/21			Jun 21						
Management and recommendation follow up												
Recommendation follow up	Group	10			Ongoing							
Management		20	Ongoing									

APPENDIX II - OPINION AND RECOMMENDATION SIGNIFICANCE DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF INTERNAL CONTROLS	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial 	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.
Moderate 	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.
Limited 	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.
No 	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.

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Recommendation Significance	
High 	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.
Medium 	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.
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.

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	CONFIDENTIAL
Paper title:	Internal Audit – Follow up
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 th October 2020
Author:	BDO
Sponsor:	Richard Flatman - Group Chief Financial Officer
Purpose:	For noting
Recommendation:	The Committee is requested to note the report.

Summary

This report provides an update on the implementation of recommendations made in previous years. In total 104 recommendations were outstanding at the start of the year and to date. Of these 44 (32%) have been implemented, 25 (24%) are in progress and 32 (31%) are not yet due.

Recommendation:

The Committee is requested to note this report.

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INTERNAL AUDIT FOLLOW UP REPORT

LONDON SOUTH BANK UNIVERSITY

October 2020

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Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

INTERNAL AUDIT RECOMMENDATION FOLLOW UP

Executive Summary

The Audit and Risk Committee is required to assess whether internal audit recommendations previously made to address control weaknesses have been effectively implemented. This report provides an update on the current position. We followed up on outstanding recommendations reported as overdue by the previous auditors, PwC and RSM and recommendations raised by BDO that were due before the 14 September 2020. Our assessment of recommendations that are overdue is based on the original agreed date for implementation. For 2017/18 and 2018/19 we have brought forward outstanding recommendations as at 31 July 2020.

Current status




As at 29 September 2020:

2017/18	2018/19	2019/20
<u>LSBU</u> Of the 1 recommendation brought forward: ▶ 1 is overdue but in progress	<u>LSBU</u> Of the 11 recommendations brought forward: ▶ 6 have been completed but not verified ▶ 2 are overdue but in progress ▶ 3 have been superseded by a BDO recommendation	<u>LSBU</u> Of the 57 recommendations raised: ▶ 10 have been completed ▶ 16 have been completed but not verified ▶ 17 are overdue but in progress ▶ 6 are overdue ▶ 14 are not yet due
<u>SBC</u> Of the 2 recommendations brought forward: ▶ 1 is overdue but in progress ▶ 1 is complete but not yet verified	<u>SBC</u> No recommendations were brought forward:	<u>SBC</u> Of the 15 recommendations raised: ▶ 2 have been completed ▶ 2 are overdue but in progress ▶ 11 are not yet due
	<u>SBA</u> Of the 1 recommendation brought forward: ▶ 1 is complete not verified	<u>SBA</u> Of the 17 recommendations raised: ▶ 1 has been completed ▶ 7 have been completed but not verified ▶ 2 are overdue but in progress ▶ 7 are not yet due

Full details of the status of these recommendations are set out from page 4. We've included details of those recommendations we wish to bring to Audit and Risk Committees attention; for example where implementation dates have changed or where no response has been received.

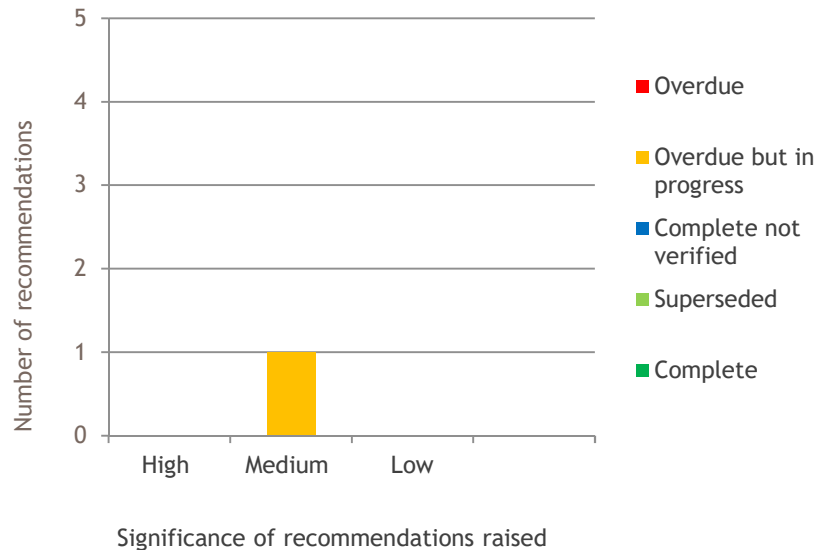
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2017/18

LSBU

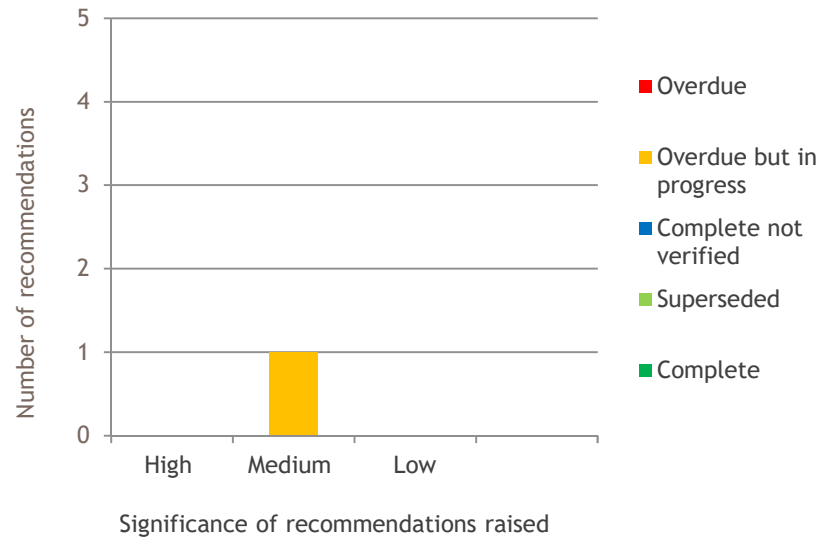
Audit Title	Significance (definition at appendix 1)				Total b/fwd	Complete	Complete not verified	Superseded	Overdue but in progress	Overdue	Not yet due
				No rating							
International Partnership Arrangements	0	1	0	0	1	0	0	0	1	0	0
Total	0	4	0	0	4	3	0	0	1	0	0

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Status as at September 2020:




Status as at June 2020:






2017/18 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

LSBU

INTERNATIONAL PARTNERSHIP ARRANGEMENTS							
Finding	Agreed Action	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>A signed Memorandum of Cooperation should be in place for every international partnership arrangement. This document sets out the terms and conditions in place for all agreements. We selected a sample of four international partnerships and tested whether or not there was a Memorandum of Cooperation available for each partnership. For one of the partnerships (ASU) a copy of the Memorandum of Cooperation was provided, however this was not signed by either party.</p>	<p>The International Office will work with the systems team in Research Enterprise & Innovation to enable the use of their Haplo software platform to track and manage all potential partnership activity. This will enable snapshot reporting of progress across the institution enabling all interested parties to track progress in real time, and utilise the CRM benefits within this platform.</p>		30/09/18	<p>31/08/20 30/09/20</p>	Stuart Bannerman (Director International)	<p>September 20 - Haplo has been revised because it did not meet required spec. The split in International and the creation of LSBU Global extended the work further and is now ready for launch in September 2020.</p> <p>A Review of Student exchange and Articulation contracts was completed June 2020. We currently have active relationships (we are hosting their students or they are hosting ours in 2019/20) with six partners:</p> <ul style="list-style-type: none"> • Two valid contracts are in place • Two contracts have expired and will not be renewed. • Two new contracts are in draft <p>Currently we have Articulation arrangements with six partners, however no signed contracts are in place, only drafts.</p>	Overdue but in progress.

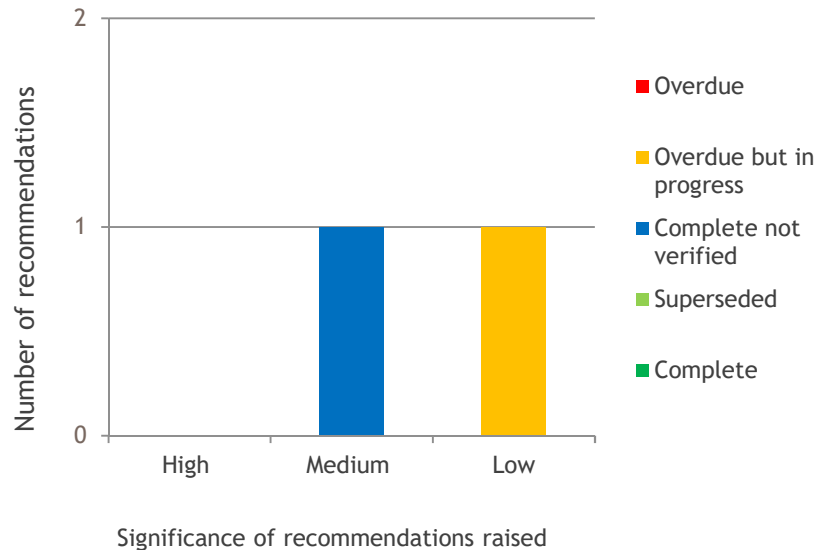
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2017/18

SBC

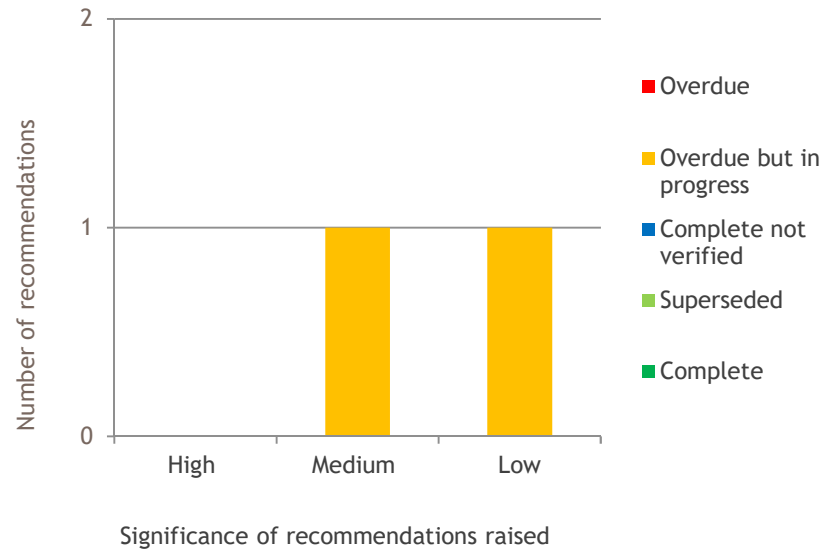
Audit Title	Significance (definition at appendix 1)				Total b/fwd	Complete	Complete not verified	Superseded	Overdue but in progress	Overdue	Not yet due
				No rating							
Curriculum Planning	0	1	1	0	2	0	1	0	1	0	0
Total	0	1	1	0	2	0	1	0	1	0	0

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Status as at September 2020:






Status as at June 2020:



INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2018/19

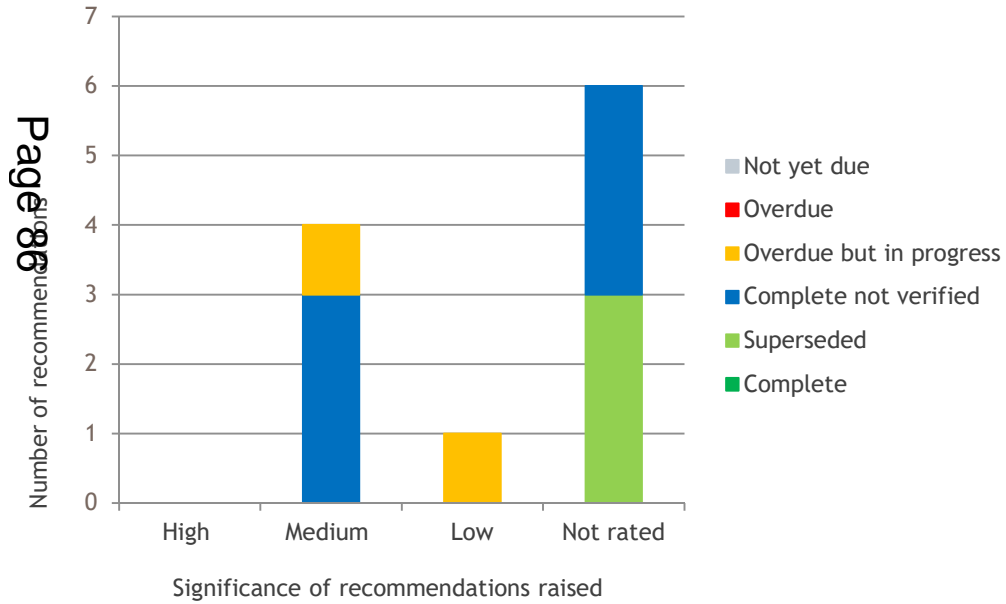
LSBU

Audit Title	Significance (definition at appendix 1)				Total b/fwd	Complete	Complete not verified	Superseded	Overdue but in progress	Overdue	Not yet due
				No rating							
CMA Compliance	0	3	0	0	3	0	3	0	0	0	0
Procurement	0	1	0	0	1	0	0	0	1	0	0
Continuous Auditing: Key Financial Systems	0	0	1	1	2	0	1	0	1	0	0
Risk Management	0	0	0	3	3	0	0	3	0	0	0
Continuous Auditing: Student Data	0	0	0	2	2	0	2	0	0	0	0
Total	0	4	1	6	11	0	6	3	2	0	0

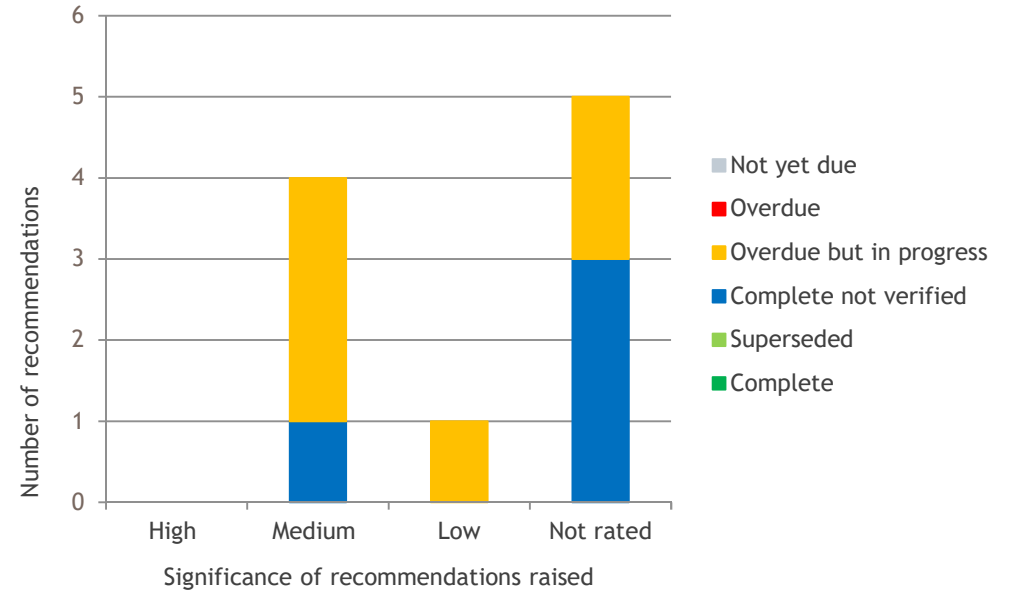
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2018/19

LSBU

Status as at September 2020:






Status as at June 2020:



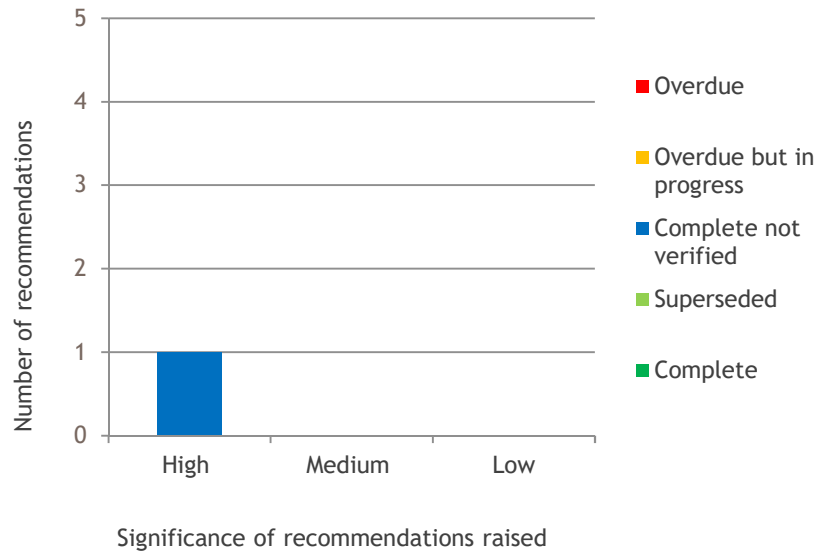
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2018/19

SBA

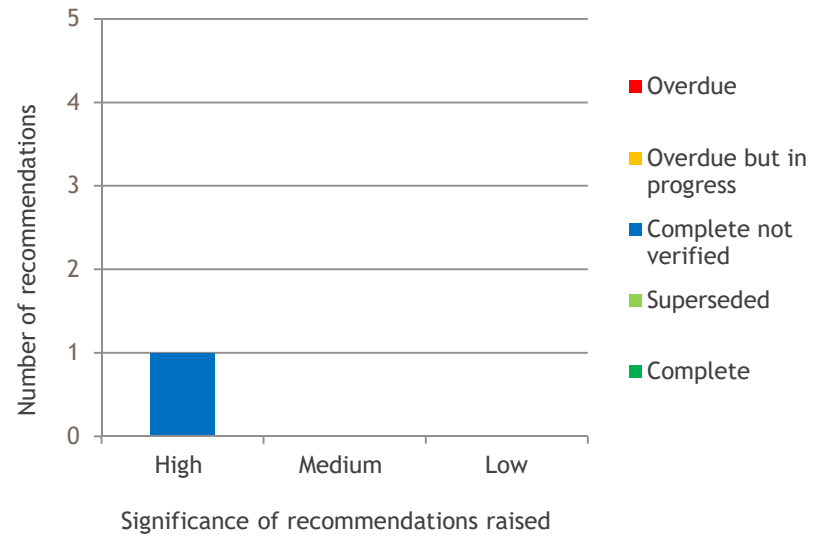
Audit Title	Significance (definition at appendix 1)				Total raised	Complete	Complete not verified	Superseded	Overdue but in progress	Overdue	Not yet due
				No rating							
Safeguarding	1	0	0	0	1	0	1	0	0	0	0
Total	1	0	0	0	1	0	1	0	0	0	0

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Status as at June 2020:






Status as at January 2020:



INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2019/20

LSBU

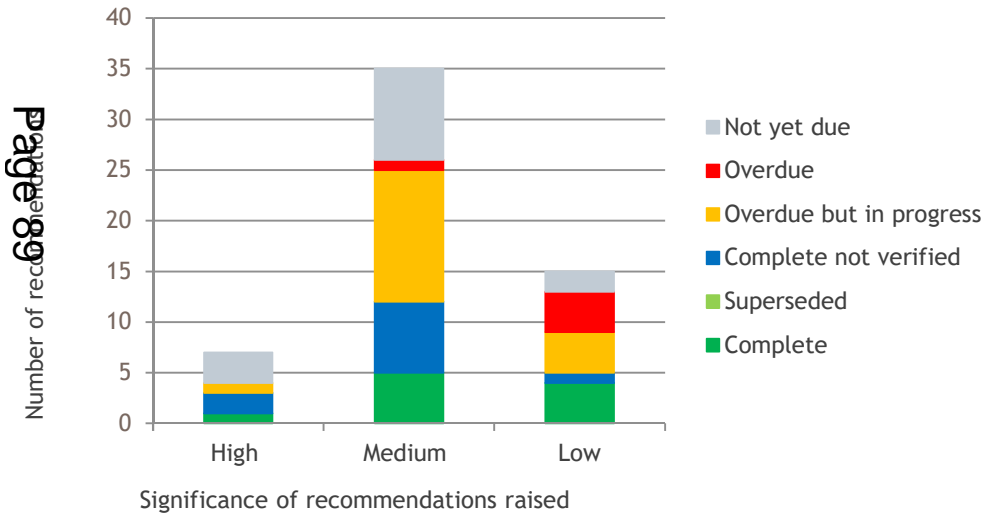
Audit Title	Significance (definition at appendix 1)				Total raised	Complete	Complete not verified	Superseded	Overdue but in progress	Overdue	Not yet due
				No rating							
Financial Controls (AP and payroll)	2	4	3	0	9	4	1	0	4	0	0
UKVI Tiers 2 and 5	0	7	0	0	7	2	1	0	4	0	0
Student Data 1	0	3	4	0	7	3	1	0	3	0	0
REF	0	4	4	0	8	1	0	0	5	2	0
Financial Controls - Accounts Receivable	1	8	2	0	11	0	12	0	1	2	2
Data Quality - HESA Student Return	0	1	2	0	3	0	0	0	0	2	1
Information Security	4	8	0	0	12	0	1	0	0	0	11
Total	7	35	15	0	57	10	16	0	17	6	14

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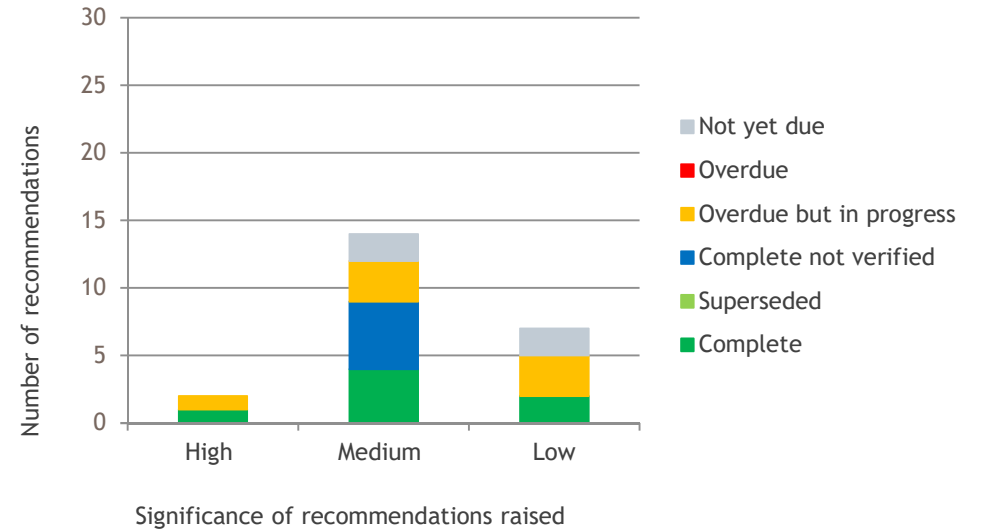
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2019/20

LSBU

Status as at September 2020:




Status as at June 2020:




2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

LSBU

Financial Controls (#2)							
Finding	Agreed Action	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>There are no controls to restrict changes to supplier standing data and there is no exception reporting of changes to supplier details. When suppliers request changes to their details (eg addresses or bank details), it is logged by the Procurement team. It validates the request through a secondary channel (eg if requested via email, it is confirmed via phone, or vice versa). The change is then processed and confirmed as accurate by a second member of the team outside of Agresso, before being processed in the system. A periodic check of the validity of all changes to supplier details is not being completed. It is possible for a member of the Procurement team to amend supplier details and confirm the change without a secondary check or approval, as this is not a system enforced control. We understand a check used to be completed periodically by the former Operations Procurement Manager, who left in April 2019, but that this has not occurred since the role was removed. In the absence of controls to restrict changes to supplier details and a lack of exception reporting, there is an increased risk of erroneous or fraudulent changes being made to supplier standing data.</p>	<p>The Procurement team should explore whether an exception report can be generated of all changes to supplier details. On a monthly basis, the exception report of all changes to supplier details made in the month should be reviewed independently and checks should be implemented to verify that changes are bona fide.</p> <p>Management could explore whether a workflow could be added to Agresso to require independent approval of any changes to supplier details prior to standing data being amended.</p>		31/12/19	31/08/20 31/10/20	James Rockliffe, Director of Procurement	<p>September 2020: An Agresso exception report is being designed. It will be tested in Sept and introduced as BAU in October 2020. The Procurement Operations Manager will oversee and review the process. Its ongoing success/feasibility will depend on the number of changes each month.</p> <p>The original manual process to check changes referred to in the management response remains in operation.</p> <p>Progress has been made in terms of establishing that Agresso has the functionality to workflow the verification process and address the control issue that currently allows procurement staff to unilaterally change supplier data. Work is underway to agree that AP check the changes via a new workflow process.</p>	Overdue but in progress


2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

LSBU

UKVI Tiers 2 and 5 (#1)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>There is no overarching policy setting out LSBU's approach to compliance with UKVI and Right to Work regulations, including workers sponsored under Tier 2 and Tier 5 and procedures are not published on the intranet.</p> <p>The University previously had a suite of UKVI related policies which were published on the intranet. However, the decision was taken to simplify the information provided to wider staff and instead an introductory UKVI video has been published. There are a number of individual procedures such as the UKVI Right to Work procedure and the UKVI Visa Expiry procedure but there is no documented framework setting out the University's approach to arrangements for migrant workers, sign posting them to relevant guidance.</p> <p>There is a risk that staff are not provided with clear guidance to support them in ensuring the University complies with UKVI requirements.</p>	<p>The University should put in place an overarching UKVI policy framework with links to relevant procedures and guidance for staff. These should signpost procedures for sponsored workers under Tier 2 and Tier 5. Policies and procedures should be published on the intranet. An example of a typical framework will be provided to management.</p>		20/06/20	30/11/20	Marisha Drayton, Recruitment Partner	<p>August 20 - Upon greater review of the recommendations a later timeline for completion is required to complete the policy this will allow the policy to be ratified at the various levels required for policies within LSBU.</p> <p>In addition COVID has impacted timelines of all projects as focus has been to maintain BAU in a remote environment. COVID has also meant that the mechanism for creating and approving policies have been prioritised by for temporary policy and policy changes and approval for the requirements for lockdown and recovery.</p> <p>Therefore the new proposed completion date is 30 November 2020.</p>	Overdue but in progress

2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS


LSBU

UKVI Tiers 2 and 5 (#2)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>The Right to Work procedure does not reference current regulations, is not sufficiently detailed and it is not clear who the intended user is. There is a Right to Work (RTW) procedure in place which covers a number of the key aspect of the Home Office regulations and signposts the reader to the UKVI guidance. However, it does not contain embedded links to current guidance and refers to The Home Office - An Employers Guide to Right to Works Checks August 2017 which has been superseded by a version published in January 2019. The procedure is not dated and version controlled. It is not clear who the intended user is, whether Recruitment staff or other staff within the university. Although it covers the principle aspects of RTW work checks detail is not provided on areas such as: i. that original documents must be provided for checking ii. that documents should be cross checked and checked against the applicants appearance to check for any anomalies. Any differences in names must be explained by providing relevant documentation. iii. that copies should be taken of documents and that these should be in an unalterable format such as jpeg, pdf iv. guidance on what should be copied from passports v. that all other documents should be copied in their entirety. There is a risk that Right to Work checks are not carried out in accordance with UKVI requirements.</p>	<p>The Right to Work procedure should cover all key aspects of the UKVI guidance, and should have embedded links to the guidance, including checklists of documents. It should be dated and version controlled, and reviewed whenever UKVI requirements change.</p>		30/06/20	30/11/20	Marisha Drayton, Recruitment Partner	<p>August 20 - Upon greater review of the recommendations a later timeline for completion is required to complete the policy this will allow the policy to be ratified at the various levels required for policies within LSBU.</p> <p>In addition COVID has impacted timelines of all projects as focus has been to maintain BAU in a remote environment. COVID has also meant that the mechanism for creating and approving policies have been prioritised by for temporary policy and policy changes and approval for the requirements for lockdown and recovery.</p> <p>Therefore the new proposed completion date is 30 November 2020.</p>	Overdue but in progress

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2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS


LSBU

UKVI Tiers 2 and 5 (#2)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>There were a number of missing, incomplete or illegible right to work (RTW) documents.</p> <p>Testing of RTW checks on 184 staff (10% of staff employed in the 15 months to 31 October 2019) found:</p> <ul style="list-style-type: none"> • two where no RTW documents could be located (hourly paid lecturers from 2009 and 2014) • a further eight where copy documents could not be located but passport details (number, start and expiry date) had been recorded in i-Trent (three started in 2019, four in 2017 and one in 2016). • three where the RTW copy was illegible (started 1999 - 2013) • eight where the only RTW documents were UK birth certificates (one from 2018, the rest were pre 2014) <p>NB allowable RTW documents for employment on or after 29 February 2008 include a full UK birth certificate but it must be produced in conjunction with an official document giving the person's National Insurance Number and their name issued by a Government agency or a previous employer. Copies of NI documents were not retained with the eight birth certificates above.</p> <p>There is a risk that RTW checks have not been carried out, that they do not comply with the UKVI regulations in place at the time of recruitment or that the University cannot provide evidence that RWT checks have been carried out.</p>	<p>RTW checks should be re-performed for staff with missing or illegible documents identified in our sample testing.</p> <p>For staff where only birth certificates are held the University should add copies of their official NI records to their RTW check records.</p> <p>HR should assess the risk of whether RTW documents held in eFiling for other current staff not included in the sample testing are not compliant and determine its approach to this. One approach might be to test a percentage of current staff recruited prior to 2019/20 as a one-off exercise and then a fixed annual percentage of new staff in each academic year. Note it is a requirement for RTW records to be kept for two years after an employee leaves.</p>		30/05/20	30/11/20	Marisha Drayton, Recruitment Partner	<p>September 20 - The Recruitment team is still working on this RTW audit, there has been absence in the team which has resulted in delays. The checks will be complete by the end of October.</p> <p>Have randomly selected 5% of current staff and Recruitment team is contacting them to verify RTW docs, but this is being done via Teams, and if anything cannot be sourced through this it will be noted and completed once staff are back at LSBU in person. There has been absence in the Recruitment team, which has resulted in delays. The checks will be complete by the end of October</p>	Overdue but in progress

36 pages


2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

LSBU

UKVI Tiers 2 and 5 (#6)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>Tier 2 file checklists are not consistently reviewed and signed off. Recruitment creates manual staff files for each Tier 2 employee which have a checklist on the front covering the key UKVI processes from job advertisement to CoS application and RTW checks. It was intended that the checklist should be independently checked as complete by a member of HR. One of the seven manual files checked did not have a checklist, and for another four the checklist had not been independently checked. The sign-off field section is not dated.</p> <p>There is a risk that Tier 2 requirements have not been complied with prior to CoS applications and that RTW checks have not been completed prior to a Tier 2 employee starting work.</p>	<p>Independent file reviews should be carried prior to CoS applications being made, and checklists should be signed and dated to evidence this.</p> <p>The files can be signed off by another member of the recruitment team with a sample verified by the Recruitment Partner on a monthly basis.</p>		29/02/20	31/07/20 31/10/20	Marisha Drayton, Recruitment Partner	<p>September 20 - The checklist changes have been actioned.</p> <p>The monthly checking by me has to be completed a month in arrears as this is how our e-filing system operates and we have only had a handful of people join us in the last month. This will be fully completed in October.</p>	Overdue but in progress


2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

LSBU

REF (#1)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>Recommendations raised from the 2018/19 Mock REF exercise have not been developed into specific action plans or been monitored. Although some of the recommendations have been implemented, for example the creation of a war chest of 5% of the REF quality-related research funding (QR), these decisions have not been documented or actions tracked.</p> <p>A report outlining the findings of the 2018/19 mock REF exercise was presented to the Provost and Head of the Research Office in February 2019, with an overview presentation also given to the Research Committee. The report detailed a number of findings and associated recommendations. Recommendations were also generated for each UoA (in which sit the Research Centres) as part of the mock REF process.</p> <p>The mock REF report outlined specific UoA recommendations, such as:</p> <ul style="list-style-type: none"> • Plans for achieving REF target - development of researchers • Action plan (Interventions and timeline) for achieving output quality targets • Action plan (Interventions and timeline) for achieving output volume and FTE target. • Work required to ensure 3*-4* Impact + 2* research is secured. <p>However, these recommendations were not actioned, tracked, nor reported to Schools. Whilst Research Centres are reviewed annually, these reviews do not follow up on the recommendations raised within the Mock REF. Without recommendations being actioned and implemented, there is a risk that the Mock REF process will be ineffective, and not drive useful change to improve the quality of the University's REF2021 submission.</p>	<p>The full results of the mock REF should be shared with the Research Committee, with recommendations actioned and their progress monitored at each meeting.</p> <p>UoA findings and recommendations should be shared with Schools. Recommendations should be agreed with the Schools, and tracked as part of the annual Research Centre reviews.</p>		31/03/20	15/10/20	Karl Smith	<p>September 20:</p> <p>We recognise that we still need to do more in relation to formalising how the results of the Mock-REF are disseminated beyond the University's Research Committee.</p> <p>On further consideration, a good place to disseminate the Mock-REF results would be via the intranet, with an announcement being placed in the comms weekly newsletter sent to all to staff to promote this intranet post.</p> <p>I propose to complete the dissemination of the Mock-REF results by ca. 1 month from now: i.e. 15 October 2020. I propose to confirm this at the University Research Committee (URC) meeting on 30 September 2020.</p> <p>I will ask the URC on 30 September 2020 if we should present Mock-REF updates at School staff meetings (townhalls). At the URC meeting we will also specify that future Mock REF reports should reference past reports, especially in relation to progress made against past commitments and agreed goals and targets.</p>	Overdue but in progress

2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

LSBU

REF (#2)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>The REF submission is reviewed by discipline-based expert panels, assessing universities' submissions across 34 Units of Assessments (UoAs). The UoAs are comprised of three elements; research outputs, research impact, and research environment.</p> <p>Research outputs are measured in terms of the quality of submitted research, such as journal papers, or book chapters. This element carries a weighting of 60% in the overall outcome awarded to each submission.</p> <p>The following were noted with regards to research output reviews:</p> <ul style="list-style-type: none"> All approved outputs should be reviewed internally using the REF scoring system. However, School completion rates and timings are not monitored. LSBU also commits to ensuring that ≥50% of eligible research outputs in contention for submission are reviewed by at least one reviewer external to the University. However there is no tracking in place to monitor completion rates at Research Office level and therefore no assessment of whether this target can be realistically be achieved. Whilst annual reviews occur over Research Centres, these are not monitored as a whole over the University The Code of Practice states that output marks will be fed back constructively to authors. Although Schools monitor this the Research Office has no tracking processes in place to monitor to what extent Schools have honoured this obligation. 	<p>The mock REF exercise should be adapted to include a section in which Schools report on their progress over completing internal and external output reviews.</p> <p>Directors of Research should be tasked with the responsibility of ensuring that output feedback from the reviewers is shared with the authors.</p> <p>A spreadsheet could be created by the Research Office, to monitor the progress of reviews across each School.</p> <p>Schools should communicate the number of outputs in which feedback has been provided to authors to the Research Office so it can monitor whether the target of 50% of outputs being reviewed is being achieved.</p>		20/05/20	30/09/20	Karl Smith	<p>September 2020:</p> <p>We are glad to be reminded of these commitments. Our comments are as follows:</p> <p>1) We will endeavour to uphold the commitments made in relation to internal and external output reviews, with future Mock REF reports featuring an explicit section on the levels of compliance required and attained by Schools with regard to research both internal and external output reviews. The spring 2020 Mock REF report gave figures on the Open Access compliance of outputs, as well as the % of outputs by the SRR cohort reviewed, although no numbers were given in relation to external reviews.</p> <p>2) The priority in the past few months has been ensuring that all outputs are reviewed and we understand that our UoAs are performing well in this regard. We can provide further detail on this if required.</p> <p><i>Continued overleaf</i></p>	Overdue but in progress

2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS


LSBU

REF (#2)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
						<p><i>Continued</i></p> <p>3) We have been working hard to convey to our stakeholders the need to relay research output scores to authors. I will make an announcement in relation to this to the University Research Committee (URC) on 30 September 2020. I will also endeavour to give an update on Open Access compliance to the Research Committee on 30 Sep 2020.</p> <p>4) An announcement was not made, as originally proposed, in relation to the need for output review scores to be made to output authors at the URC on 20 May 2020 but I will address this at the 30 Sep 2020 URC meeting: I will also raise then the proposal that DoRs and UoAs track research output reviews. It is important to note that we have requested that Schools relay scores to authors at our monthly REF UoA meetings.</p>	

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2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

LSBU

REF (#3)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>Following the REF 2014 results, the REF Coordinator developed the LSBU Roadmap for REF 2021 Success. This document outlines the targets and the action plan for achieving a stronger performance in REF 2021. However, there is no formalised process in place for monitoring the implementation of the Roadmap, as a result, actions are not tracked against set targets. There is a risk that support is not provided to critical areas, which could lead to an inability to achieve a strong performance in REF 2021 and enhancement of LSBU research income.</p>	<p>A structured process for monitoring agreed actions and target should be put in place to ensure the achievement of targets in a timely manner. There should be regular meeting with staff involved in the REF process to ensure that actions are discussed.</p> <p>The REF Coordinator should prepare a summarised progress report and this should be discussed with the Research Committee to ensure that priority and support are provided to the achievement of targets set for REF 2021 submission.</p>		31/03/20	30/09/20	Karl Smith	<p>September 20: I will propose to the University Research Committee (URC) on 30 September that new, three year Roadmaps are prepared by Research Centres. I will propose that the URC sets the timing for this activity. COVID-19 has created new pressures for researchers and Schools, therefore it is important that a decision on this date is made through consultation with all key stakeholders. We will also propose that Research Centres are reviewed in relation to Roadmap commitments at the URC.</p> <p>A REF timeline (submission roadmap) for completing LSBU's REF 2021 submission was presented at the 20 May 2020 URC meeting. This will be revised for the 30 September 2020 meeting in light of the extension of the REF 2021 deadline to 31 March 2021.</p> <p>Quarterly Research Centre Heads meetings have been established successfully, with meetings held on 06/05/2020 and 21/07/2020. The next meeting is scheduled for 07/10/2020.</p>	Overdue but in progress


2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

LSBU

REF (#4)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>All REF decision makers and advisors are required to undertake REF EDI training. We received the training completion spreadsheet from the HR Department, and found that from 59 people:</p> <ul style="list-style-type: none"> • Eight have not completed either the training or quiz • 12 have completed the training slides but not the quiz <p>We also compared the training completion list to the list of Research Centre Heads, UoA leads, Directors of Research and Deans and found two names missing.</p> <p>Internal research output reviewers are required to have the REF EDI training. However, there is no formalised tracking at Research Office level to confirm whether this has occurred. The REF to-do list also has an incomplete action EDI Training - Internal Output Reviewers, with a due date of 10/02/20.</p> <p>The Code of Practice was not explicit enough as to what training the reviewers need to complete. Presentations have been given to the wider staff base on an ad-hoc basis and has not been formalised in any way or tracked. School staff meetings occur monthly, at which the REF Coordinator has given presentations. However, this has been at the request of Schools, rather than a systematic training session given to each School.</p>	<p>REF decision makers and advisors</p> <ol style="list-style-type: none"> 1) Reminders should be sent to staff who are yet to complete the training by the HR Department. 2) The staff members who are not on the training completion list should be added and informed of the requirement to complete the training. 3) A full reconciliation should be performed to ensure that all REF decision makers and advisors are aware of the need to complete the training. <p>Internal research output reviewers</p> <ol style="list-style-type: none"> 4) Communication should be issued to Schools and reviewers to re-clarify the training requirements they need to undertake. 5) Completion rates should be monitored, with reminders issued where completion rates are low. <p>Wider staff base</p> <ol style="list-style-type: none"> 6) A REF training framework should be implemented, aimed at academics/researchers who will be submitting outputs and impact case studies. 		20/07/20	30/09/20	Karl Smith	<p>September 20:</p> <p>1-3) The Research Office has been working to ensure that we achieve an 100% compliance level with our REF EDI training requirements.</p> <p>At the time of writing, we understand that there is only one Research Centre Head who has not completed the online EDI training.</p> <p>4 and 5) My current understanding is that all internal reviewers have completed the online REF EDI training.</p> <p>With respect to the classroom training, a session was held on 24 July 2020 and thus I understand that all of the requisite classroom training for REF decision-makers and advisors has now been completed.</p> <p>6) This is in progress</p>	<ol style="list-style-type: none"> 1) Complete not verified 2) Complete not verified 3) Overdue but in progress 4) Overdue but in progress 5) Overdue but in progress 6) Overdue but in progress

2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS


LSBU

Financial Controls - Accounts Receivable (#2)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>Non-financial due diligence (eg assessing the risk of customers operating in high risk jurisdictions or customers with reputational risks) is not conducted as part of customer engagement processes for either LSBU or SBUEL customers.</p> <p>Non-financial due diligence is more applicable for customers engaging with SBUEL as they can include start-up businesses and companies with unknown business models. However, failure to risk assess new customers engaging with LSBU Group and conduct non-financial checks of where necessary may expose the University to reputational risk of engaging with high risk customers.</p>	<p>LSBU should establish a list of basic non-financial due diligence checks to be completed on all new LSBU and SBUEL customers. Any additional non-financial due diligence should be conducted on a risk based approach and LSBU should consider using a similar approach that it has in place for assessing donors. LSBU should update its Financial Regulations to include a section on LSBU's approach to engaging with potential high-risk customers.</p>		01/09/20	TBC checking new dates with Enterprise Team	Julian Rigby, Head of Financial Processing	September 20: No update on progress has been provided.	Overdue

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2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

LSBU

Financial Controls - Accounts Receivable (#3)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>LSBU currently has a high number of unallocated receipts sitting on its two bank accounts which have not been matched to student or commercial customer accounts in Agresso and QXL, due to issues with the automated receipt to matching process.</p> <p>The NatWest unallocated receipts balance per January 2020 bank reconciliation included 520 receipts that hadn't been allocated to customer or student accounts. This totalled £2,563,043.40 of which £2,135,493.93 was over one month old. The Barclays unallocated receipts balance per January 2020 bank reconciliation included 620 receipts that had not been allocated to accounts. This totalled £7,168,097.72 of which £3,139,067.24 was over one month old. Receipts are automatically matched to student and commercial customer accounts within the sales ledger control account based on payment references. However, the automatic matching process has been undermined by insufficient detail on payment references caused by two issues:</p> <ol style="list-style-type: none"> 1. Payments into NatWest are being automatically switched to LSBU's Barclays account, as LSBU wishes to move banking activity to the Barclays account. However, payment reference data that exists in the NatWest banking system which is needed to identify the payee is currently not being migrated across properly meaning LSBU is unable to identify the payee. 2. The LSBU How to Pay website page states that students are required to pay through LSBU's payment portal or through Western Union. However, some students continue to pay through bank transfer and a number of students do not provide suitable reference numbers on online banking transactions or remittance slips used to pay through Barclays. Failure to allocate customer receipts to accounts effectively affects LSBU's credit control activities as LSBU is unable to assess whether all students/customers have paid for services received. 	<p>LSBU should review the system issues currently preventing consistent allocation of customer receipts. LSBU should work with its developers to recover the Access database and should work with Barclays to increase the functionality of the switch function so that all payment reference information is captured</p> <p>LSBU should also increase manual activities for allocating customer receipts. For instance, in month reconciliations would enable LSBU to identify customer receipts that have not been allocated in real time.</p> <p>LSBU should investigate why students are currently paying directly through bank transfer instead of through Western Union and its online payment channels and should communicate the importance of paying through its recognised channels to institutional payees such as overseas colleges and sponsoring companies. LSBU should request that if payments are made through these channels that appropriate payment references are provided.</p>		01/09/20	30/11/20	Julian Rigby, Head of Financial Processing	<p>September 20: ICT, supported by an external supplier is working to deliver a solution to the problems the team have had with posting and reconciling bank transactions.</p> <p>Work is underway and was originally due to be completed by the end of July but has proved to be more complex than thought. The project team now have a detailed understanding of the data and expect to be able to start testing by mid October.</p> <p>A revised date is shown as 30 November to allow time to full test the solution and ensure that it facilitates the accurate posting and reconciliation of bank transactions.</p>	Overdue but in progress

2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS


LSBU

Financial Controls - Accounts Receivable (#4)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>Audit testing of credit control activities identified that some current customer and student debts have not been chased in line with University policy, as the systems and processes used to support credit control activities at LSBU are ineffective.</p> <p>Processes underpinning the debt collection function are manual and time consuming. The Agresso and QLX systems are not capable of producing a chase list in a usable format so the process is labour intensive.</p> <p>Customer statements also cannot be automatically sent to customers from Agresso and QLX meaning that debt collection templates must be produced manually.</p> <p>There is no credit management dashboard in either Agresso or QLX meaning that the Head of Financial Processing is unable to view whether all debts have been chased and is unable to follow-up on overdue debt collection activity where required. The AR team has a month end checklist that outlines the necessary tasks to be completed on a monthly basis. However, the checklist is not being completed which prevents the Head of Financial Processing from performance managing the AR team.</p> <p>Our detailed sample testing identified that two of ten student debts selected had been chased but had not been chased on a monthly basis. We also identified that three of six non-student debts that were more than 30 days overdue had been chased but had not on a monthly basis.</p> <p>Debt collection processes must be proactive but also need to consider the fact that students pay at different times. Failure to chase debts on a monthly basis in line with University policy affects both the University's cash flow and increases the risk of the University incurring losses.</p>	<p>LSBU should establish whether a debt collection module can be added to either Agresso or QLX to streamline and automate existing processes.</p> <p>If this is not possible, the team should complete the checklist on a monthly basis and provide the Head of Financial Processing with an itemised list of debts chased in relation to total debts due for both student and customer income.</p>		31/07/20	30/09/20 Interim solution 30/11/20 for more automated solution	Julian Rigby, Head of Financial Processing	<p>September 20: The checklist and the updated database for chasing will be implemented for our new debtors in the academic year 2020/21.</p> <p>A debt collection module has been investigated and no suitable functionality available.</p> <p>Staff will not keep their own records but will record on QL notes and the database will evidence that statements are sent.</p> <p>The project described in the previous slide to address the posting and reconciliation of bank transactions will also deliver a more efficient process for identifying debts that need to be chased.</p>	Overdue but in progress

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


2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

LSBU

Financial Controls - Accounts Receivable (#5)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>Duplicate customer accounts exist in both the LSBU and SBU EL Agresso ledgers as there are no system driven controls or manual checks in place to prevent and detect creation of duplicate customer accounts in the system. We identified three duplicate customers in the LSBU customer list in Agresso and four duplicate customers in the SBU EL customer list in Agresso (eg six and eight customer accounts in the ledgers respectively). In some instances there may be business justification for setting up multiple customer accounts in Agresso for the same customer (e.g. engagements with different parts of the same NHS Trust). However, these duplicates all related to the same customer engagement and were therefore considered to be duplicates that had been set up erroneously. Disaggregation of customer records in Agresso due to duplicate customer accounts may result in customers obtaining credit limits in excess of their recommended credit limits. Duplicate customer records could also cause customer management issues as invoices can be raised on the wrong customer accounts. At present, the AR team has to manually check whether sales order requisitions have been raised on the correct account.</p>	<p>LSBU should review the duplicate customers identified during our audit and close the necessary customer accounts in Agresso. LSBU should also conduct additional credit checks on these duplicate customers and reset credit limits in the system to appropriate levels.</p> <p>LSBU should also assess whether the Agresso system contains system rules for identifying and preventing the creation of duplicate customers. In the absence of formal system rules, the Head of Financial Processing should conduct a bi-annual review of customers in Agresso and test whether there are any duplicate customers set up and introduce a manual check for assessing whether existing customer accounts exist before setting customers up.</p>		31/07/20	31/10/20	Julian Rigby, Head of Financial Processing	<p>September 20: The cleanse of the sales ledger (especially on SBU EL) has begun, but will now be completed for 31/10/20.</p>	Overdue but in progress

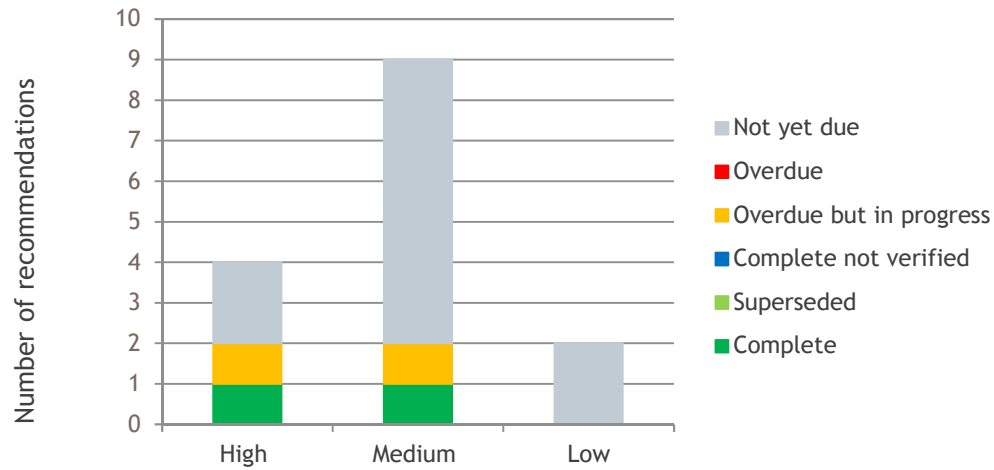
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2019/20

SBC

Audit Title	Significance (definition at appendix 1)				Total raised	Complete	Complete not verified	Superseded	Overdue but in progress	Overdue	Not yet due
				No rating							
Financial Controls	2	2	1	0	5	2	0	0	2	0	1
Information Security	2	7	1	0	10	0	0	0	0	0	10
Total	4	9	2	0	15	2	0	0	2	0	11

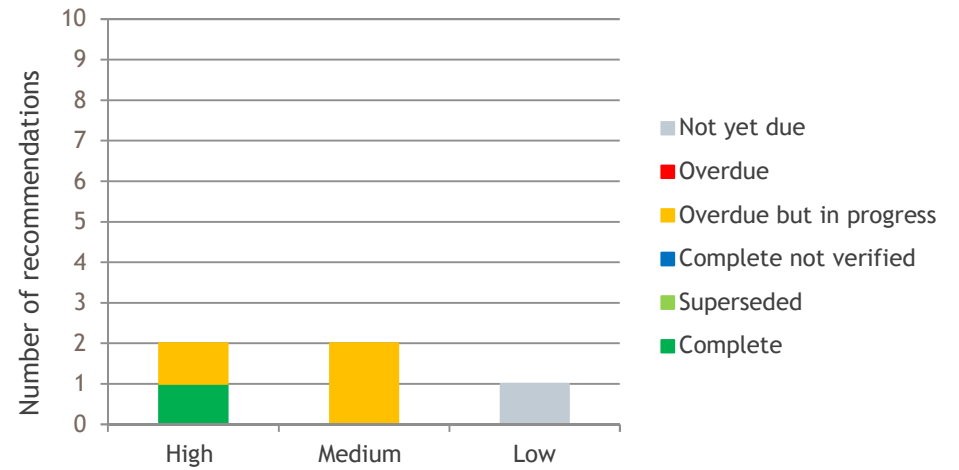
Page 104

Status as at September 2020:



Significance of recommendations raised


Status as at June 2020:



Significance of recommendations raised


2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

SBC

Financial Controls (#2)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>Supplier bank detail changes are not independently verified with the respective supplier and there is a lack of segregation of duties over the setting up of suppliers and changing their bank details. Supplier are asked to send their bank detail changes on company headed paper through to SBC's AP team. This is reviewed by the AP Officer and verified by the Finance Director via completion of a paper form. If satisfied that the details are accurate, then the bank details are changed within Agresso. There is no check back with SBC's known supplier contact that the change is genuine. Authorisation to add suppliers/ make changes to supplier bank details within Agresso is not system controlled ie there are no controls or workflow in place following approval via paper forms for the bank details to be changed/ supplier to be set up. Therefore, one member of staff can make these changes within the system without any other input from anyone else. There is also no exception reporting in place to check whether changes to the supplier master file is accurate. There is a risk that non-genuine changes requested by fraudsters would be processed. There is also a risk that staff within the AP team could fraudulently or erroneously amend supplier details which would go undetected.</p>	<p>The AP team should implement an additional step into the supplier change process whereby it contacts the key contact at the supplier to check whether the bank detail change is genuine.</p> <p>Management should assess whether exception reporting could be introduced to check amendments to the supplier master file prior to payment runs being processed. The individual who carries out this check should not have edit access to the supplier master file.</p> <p>Management should explore whether an extra workflow control step could be introduced within Agresso whereby the Finance Director (or someone who does not have edit access to the supplier master file in Agresso) approves the bank detail change rather than the use of a hardcopy form.</p>		ASAP	31/10/20	Bridget Omakobia, Head of Finance, Payroll and Pensions	<p>September 20: An Agresso exception report is being designed. It will be tested in Sept and introduced as BAU in October 2020.</p> <p>SBC is yet to arrange training with LSBU Information systems manager to run exception reports. This will occur on or before 30/09/20.</p>	Overdue, but in progress




2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS

SBC

Financial Controls (#4)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>The supplier due diligence process is inadequate and evidence to support the checks that are carried out is not retained.</p> <p>At present the AP Officer checks the Companies' House website to corroborate supplier details provided on the new supplier form. Once the AP officer is satisfied the company exists and the details match, the AP Officer will continue to on-board the new supplier. For a sample of five suppliers there was no evidence on file to evidence that this process had been carried out.</p> <p>There are no financial checks performed on the supplier and the Financial Regulations do not contain information regarding the supplier due diligence process nor what checks are expected to be performed. There are also no procedures in place for this process.</p> <p>There is a risk that without a more robust and documented due diligence process and inappropriate suppliers will be engaged with. The new supplier guidance issued by the University specifically states that the financial stability of the company should be checked through a credit check on the supplier.</p>	<p>The due diligence requirements should be reviewed and updated to include financial checks. The due diligence checks carried out on each supplier should be retained to evidence that appropriate checks have been carried out.</p>		ASAP	31/10/20	Bridget Omakobia, Head of Finance, Payroll and Pensions and Natalie Ferer, Group Financial Controller	<p>September 20 -</p> <p>While the College does not have Procurement support to undertake supplier due diligence, the Finance team can undertake basic checks on Companies House before a supplier is set up on Agresso. The new supplier set up form will be revised to evidence these checks.</p>	Overdue, but in progress

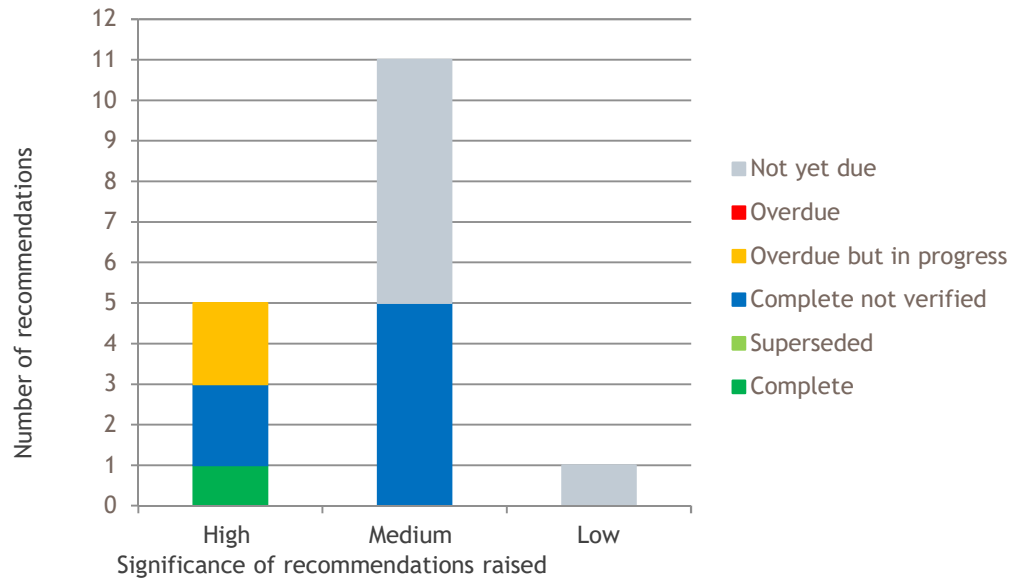
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2019/20

SBA

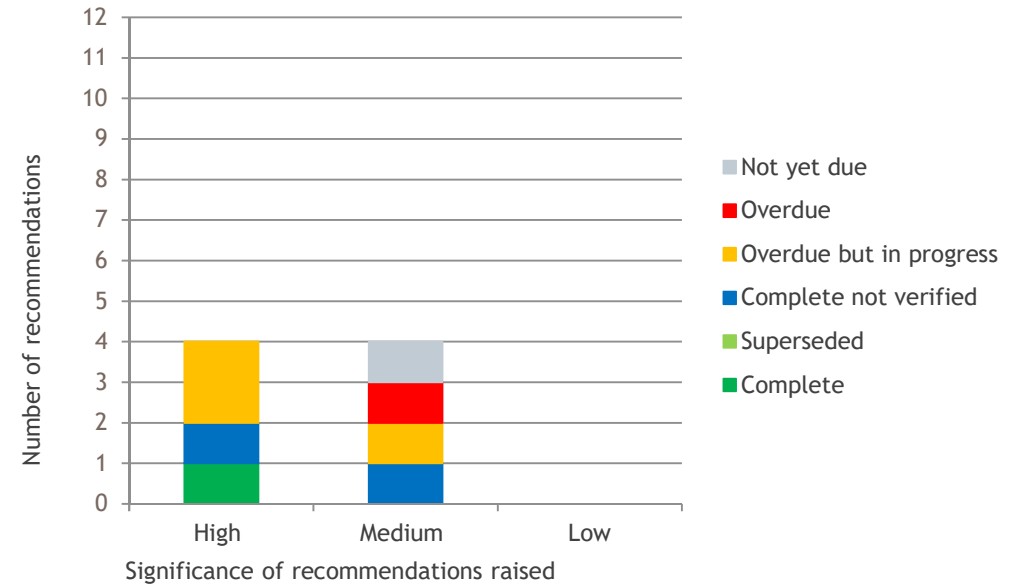
Audit Title	Significance (definition at appendix 1)				Total raised	Complete	Complete not verified	Superseded	Overdue but in progress	Overdue	Not yet due
				No rating							
Financial Controls	4	4	0	0	8	1	5	0	2	0	0
Information Security	1	7	1	0	9	0	2	0	0	0	7
Total	5	11	1	0	17	1	7	0	2	0	7

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Status as at September 2020:




Status as at June 2020:



2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS


SBA

Financial Controls (#2)							
Finding	Agreed Action	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>There is a lack of segregation of duties over the accounts payable process. The process is manual and does not have system based approvals. One individual for each school can perform a number of steps in the process independently. They have the ability to load purchase orders onto PS Financials, post goods received notes onto PS Financials and post invoices for payment to the BACS run. The Finance Officer can add, remove and make changes to supplier details without anyone else being involved in the process. The Finance Officer is also responsible for transferring the payment (CSV file) to the banking system. Although these individuals cannot authorise or make payments there is a risk that fraudulent or erroneous invoices could be posted, uploaded to a payment run, paid and go undetected. There are also insufficient checks performed over the payments made to suppliers. The Finance Office is also responsible for generating the CSV file and uploading it to the banking system. Although the payment file is manually authorised and the amount transferred to the bank is also authorised independently of the Finance Officer, there is no check in place to confirm that the two are consistent. If there was a change made to the payment listing following approval, this would not be identified.</p>	<p>1) Management should explore whether system enforced approvals/workflow can be added to PS Financials for the accounts payable process.</p> <p>Segregation of duties should be implemented for the accounts payable process and the Finance Officer and Finance Assistant roles should be restricted so they are unable to carry out the majority of the process by themselves. Some parts of this role (raising of POs and goods receipting) could be split between the two finance roles or delegated to school staff.</p> <p>2) A check should also be implemented to ensure that the payment listing and payments uploaded to the bank account agree.</p>		29/02/20	31/10/20	Helena Abrahams	<p>September 20</p> <p>2) No check has been introduced to confirm whether the payment listing and the payments uploaded to the bank account agree.</p> <p>We will select one or two suppliers each payment run and check that bank details on Lloyds agree to those on PSF and the invoice. This will be carried out by the Schools Finance Manager who is not a bank signatory. This will be implemented as soon as the Finance Manager has access to the bank file.</p>	<p>1) Complete</p> <p>2) Overdue but in progress</p>

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2019/20 MEDIUM AND HIGH SIGNIFICANCE OVERDUE RECOMMENDATIONS




SBA

Financial Controls (#4)							
Finding	Recommendation	Sig.	Original Due date	Revised due date	Resp. Person	Update	Status
<p>The following issues were identified at UTC with regards to the recording of school meals:</p> <ul style="list-style-type: none"> The number of school meals provided and to which children is not recorded. It is assumed all children have a meal each day and a fixed daily charge (£2.35 per day) is made to the ParentPay account. No adjustment is made if the child is off sick/ does not have a meal. UTC is unable to reconcile the amounts paid by parents to the amount of meals a child has actually received and therefore will not know if the ParentPay balance is accurate or not. UTC does not review ParentPay balances and follow up on outstanding debt. As no information is recorded, UTC would be unable to assess whether it is obtaining value for money from the catering company in relation to school meals. <p>There is risk parents may be overcharged for meals not taken and/or UTC may also be overcharged. Without appropriate recording of meals taken UTC is unable to monitor school meal income and debt appropriately meaning income, expenses and debt may not be accurately recorded.</p>	<p>UTC should implement a process to record the actual school meals taken per child per day and ensure that ParentPay accurately reflects this.</p> <p>A weekly review of ParentPay balances should be performed to identify parents who are in debt and appropriate action should be taken to follow up these debts.</p> <p>A reconciliation should also be done of the number of meals provided, those being recharged to parents, those receiving free meals and whether the catering contract is providing value for money.</p>		29/02/20	28/02/21 30/11/20	Helena Abrahams	<p>September 20: Discussions with the catering company have not yet occurred.</p> <p>Registers will be used to record school meals.</p> <p>Until November, parents have been asked to provide packed lunches (unless entitled to free school meals). After the October half term, hot meals will be provided for children, with ParentPay operational.</p> <p>A designated person at UTC will check balances and follow up if a student is in debt.</p>	Overdue but in progress

APPENDIX I - DEFINITIONS

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LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial 	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.
Moderate 	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.
Limited 	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.
No 	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	
High 	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.
Medium 	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.
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.



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	CONFIDENTIAL
Paper title:	Internal audit: UKVI Tier 4
Board/Committee(s)	Group Audit & Risk Committee
Date of original meeting(s):	6 October 2020
Authors:	Nicole Louis, Chief Customer Officer
Sponsor:	Nicole Louis, Chief Customer Officer
Purpose:	For noting
Recommendation:	The committee is asked to note the findings of the audit report

Executive Summary

The attached draft internal audit report from BDO provides the findings and finalised management response in relation to the University's UKVI T4 Sponsor Licence. The outcome of the report assesses the operational effectiveness as 'Limited' for the period covered by the audit. Whilst some areas of good practice have been identified, the audit raised nine of findings, one of high significance, six of medium significance and two of low significance. As a consequence, LSBU is judged to not be meeting all of the requirements of our sponsorship licence. The University's T4 Sponsor Licence is up for renewal in March 2021. UKVI is expected to conduct an audit before renewing the licence which is common practice.

Broadly, the findings are linked to a complexity of internal processes and practices concerned with the management of fully enrolled students, where responsibilities fall under multiple teams and are dependent on multiple systems. In order to address these issues, and particularly within a limited timeframe, we require the coordinated efforts of several teams including International Recruitment, Registry, TQE, Student Administration, as well as some academic colleagues in specific areas including Research. The key findings related to non-compliance are:

1. Delays in reporting the status of sponsored students missing the '10 working days' deadline
2. International recruitment and Compliance team do not have visibility of changes to course dates resulting in actual dates on the student record system differing from those listed on the CAS
3. International recruitment team do not have visibility of course validations and re-validations, and courses are not designated as Tier 4 compliant when validated or promoted, resulting in Tier 4 students being accepted onto courses which do not meet Tier 4 requirements

4. Inaccuracies in the attendance monitoring reporting for taught students with system generated reports requiring significant manual cross-checking
5. A lack of centralised reporting for research students, those on placement or internship where responsibility is devolved to schools with no central oversight
6. Tier 4 monitoring is dependent upon manual spreadsheet and manual checking processes leading to risk of error
7. International Recruitment and Compliance team do not have visibility of when sponsored students have been unsuccessful in completing their course after three attempts (when sponsorship should be withdrawn)
8. Student contract details are not always correct with no regular process for requiring enrolled sponsored students to update their address records
9. Policies have not been updated as per the review schedule and in some cases (Tier 4 Attendance Monitoring) have not been finalised or published leading to a lack of clarity for staff and students

To address the 9 recommendations arising from the BDO UKVI Audit report, the existing UKVI steering group, which now falls under the stewardship of the CCO, has been re-defined in its composition and remit and is expected to fully own the resolutions set out in the management response. An action plan has been agreed with tasks allocated to individuals or teams. Monitoring meetings are held every two weeks to review progress against the 9 findings and the Group Executive will be updated on a regular basis. In addition, a project manager has been assigned to oversee a detail review of all student records for sponsored students to identify and areas of non-compliance, in order to remedy these ahead of a formal audit and a plan for this is under development but expected to commence at the beginning of October.

LONDON SOUTH BANK UNIVERSITY

INTERNAL AUDIT REPORT - FINAL ARC VERSION

UKVI TIER 4
SEPTEMBER 2020

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Limited



LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

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DISTRIBUTION

Nicole Louis	Chief Customer Officer
Nuria Prades	Head of Operations, International
Anjali Frank	Immigration & Compliance Manager



REPORT STATUS LIST

Auditor:	Jennifer Obee
Dates work performed:	4 May - 24 June 2020
Draft report issued:	22 July 2020
Final report issued:	21 September 2020

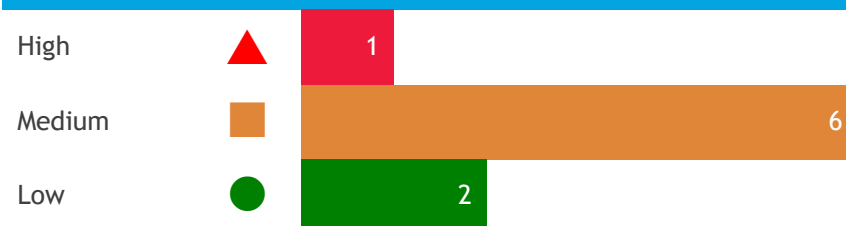
LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design		System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness		Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)



TOTAL NUMBER OF RECOMMENDATIONS: 9

BACKGROUND:

LSBU (the University) holds a license from UK Visa and Immigration (UKVI) to sponsor overseas Tier 4 students and currently sponsors 1,310 Tier 4 students. The University issues confirmations of acceptance for studies (CAS) to overseas students who have been offered a place on a course. It issued 282 CAS for students enrolling in September 2019 courses. This enables them to apply for a visa to carry out their studies. The Home Office issues guidance on which courses are eligible for Tier 4 students and the requirements of sponsors and students to comply with sponsorship terms. Licensed sponsor institutions are subject to an annual Basic Compliance Assessment (BCA) which assesses whether the institution has met three measures:

- a visa refusal rate of less than 10%
- an enrolment rate of at least 90%
- a course completion rate of at least 85%

Failure to do so can lead to sanctions.

UKVI also requires sponsors to report on specified changes in student circumstances within ten working days. If there is an isolated or minor breach of sponsorship terms UKVI will normally support the sponsor institution in making improvements by issuing an action plan. However, if there is a serious breach indicating significant or systematic failure or where there has been sustained non-compliance over a period of time, UKVI may prevent them from issuing any further CAS while it investigates, and may ultimately revoke a sponsor's licence.

There are policies and procedures in place covering the key aspects of Tier 4, ie sponsorship and issuing CAS, student interruption and withdrawal, sickness and absence, changing courses and attendance monitoring for Tier 4 students which set out the roles and responsibilities in relation to these activities.

The Immigration & Compliance team (I&C) in the International office is responsible for issuing CAS, and monitoring and reporting to UKVI on compliance with reporting requirements. This includes withdrawing sponsorship from students who have for example,

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

not been granted a visa, failed to enrol, withdrawn/been withdrawn from their courses, or have not complied with attendance requirements. UKVI also requires sponsors to report significant changes in circumstances such as a student changing course or moving to a placement with a different address.

The I&C team maintains a CAS tracker which they compare with daily reports from Registry to identify students who have not enrolled by the deadline, or have been refused a visa, or take up a place at a different institution.

Records of Tier 4 student's eligibility is maintained in Registry including copies of passports and visas, qualification certificates and references and current and former UK contact details.

I&C also maintains a tracker for recording change reports made to UKVI via its electronic sponsorship management system (SMS). The team updates this using weekly Registry enrolment and changes reports from the student records system QL.

Attendance is monitored centrally by a Tier 4 team in Student Services. It receives weekly Excel reports collated from data of students swiping in and out of buildings and classrooms, and timetables of classes and lecture rooms. This data is only available for students on taught courses. Other attendance data is held by Schools and the Placements Office and processes are operated locally. Following the closure of the University in March due to COVID 19 monitoring of attendance went into abeyance. The Home Office advised sponsors that they did not need to report absences due to COVID 19 and that they did not need to withdraw sponsorship if a student was unable to attend for more than 60 days because of coronavirus. The University is putting monitoring arrangements in place from September 2020 (see Observation).

The purpose of the audit was to provide assurance over the controls the University has in place to managing its compliance with the UKVI's requirements with regards to Tier 4 students.

KEY FINDINGS:

We have raised nine findings; one of high significance, six of medium significance and one of low significance.

Our findings indicate that LSBU is not meeting all the requirements of its sponsorship under the Home Office regulations, which puts it at risk of having its licence revoked should there be a review by UKVI. There is generally a lack of embedded awareness of the requirements of Tier 4 in processes which impact the University's compliance with UKVI regulations.

In particular in 32% of cases it breached the reporting deadline to UKVI as a result of delays in communicating information internally or dates being recorded in the student records system in a way which did not support UKVI reporting.

Monitoring and reporting processes in place are dependent on manual spreadsheets and intensive checking of data from multiple sources, which is an inefficient use of resources and open to error. Tier 4 eligibility is not stated when courses are advertised, and the impact on Tier 4 is not considered when courses are validated or re-validated or course dates changed. The design of attendance reporting for taught students means that data is frequently inaccurate and has to be manually checked every week student by student.

The design of attendance monitoring is piecemeal, with centralised reporting for taught students, but with faculty/ departmental level monitoring for those on research degrees or placements with no central visibility or assurance of consistency around attendance.

International does not always have sight of information and decisions that impact Tier 4 students, such as the details of students who fail to complete their courses within three attempts which can impact the UKVI Basic Compliance Assessment metrics.

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

CONCLUSION:

As a result of our findings above we are able to provide limited assurance over the design and effectiveness of the controls that the University has in place in relation to managing its compliance with the UKVI's requirements with regards to Tier 4 students.

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


- ✓ Roles and responsibilities for the monitoring and reporting of compliance with UKVI requirements may not be clearly allocated and/or understood
- ✓ Course changes for Tier 4 students including the adding of placements do not comply with UKVI's requirements

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

DETAILED FINDINGS

RISK: FAILURE TO IDENTIFY AND APPROPRIATELY REPORT TO UKVI WHERE:

- I) STUDENTS DO NOT ENROL
- II) STUDENTS WITHDRAW FROM THEIR COURSE
- III) STUDENTS MISS TEN CONSECUTIVE CONTACT POINTS
- IV) THERE IS A SIGNIFICANT CHANGE IN THE STUDENT'S CIRCUMSTANCES (EG CHANGE OF COURSE)
- V) THIRD FAILED ATTEMPT EXCLUSIONS.

Ref	Sig.	Finding
1		<p>Reporting of Tier 4 student changes to UKVI are not always being made within the required timescales.</p> <p>The Home Office guidance stipulates that sponsors must report any changes in student's circumstances within ten working days.</p> <p>The I&C team maintains a tracker of SMS reporting to UKVI. Of the 171 reportable changes per the tracker from 1 September 2019 to 30 April 2020 54 (31.5%) were made after the reporting deadline. 36 related to sponsorship withdrawals, and 18 to significant changes in student circumstances ie changes to placement addresses or changes of course. The delays were:</p> <ul style="list-style-type: none"> • 12 were more than 30 days overdue • 14 were between 15 and 30 days overdue • nine were between seven and 15 days • 19 were up to a week overdue. <p>The delays appear to be due to the status change dates in QL being based on Finance fee billing dates rather than the date that the student status actually changed. This means that I&C may not be made aware of changes until close to or after UKVI reporting deadlines. I&C then has to review and determine when the change was actually effective from.</p> <p>S3.12 of the UKVI guidance states that if certain compliance breaches, including failure to report a change in students circumstances 'occur in isolation and/ or relate to a small number of students, and the sponsor is capable of correcting them, are unlikely to be regarded as serious. However, where a sponsor has committed a number of such breaches, they may be considered cumulatively to constitute a serious breach.</p> <p>Serious breaches could result in the University being unable to issue CAS and ultimately in its Tier 4 licence being revoked.</p>

RECOMMENDATION:

A process should be put in place to flag up reportable instances in the tracker before the due date and the Compliance Manager should review the tracker on a weekly basis to monitor and escalate any that are at risk of breaching the deadline.

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

MANAGEMENT RESPONSE:


A multi-stakeholder process needs to be drawn up to identify which LSBU team/department owns and is accountable for which part of the reporting process. Tier 4 student status changes are academic related (interruption, withdrawal, internship/placement, early course completion). Changes need to be implemented in the current Student Record system and looked at from the technological point of view to ensure the system is fit for purpose. Required output: approved process document jointly approved by Registry, Fees and Bursaries and UKVI lead.

Responsible Officer: Nuria Prades and Lisa Upton - design; Nicole Louis - approval

Implementation Date: 21 September 2020

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

RISK: COURSE START AND END DATES ARE INCORRECT AND THEREFORE DO NOT MATCH THOSE INCLUDED ON THE CAS

Ref	Sig.	Finding
2		<p>The Immigration and Compliance team (I&C) does not have visibility around changes to course dates.</p> <p>I&C uses data provided by Registry to complete course date information in the Tier 4 CAS. However, it is possible for course dates to change between the completion of the CAS and the enrolment date. I&C does not have access to this data and so is not aware that the CAS is no longer valid.</p> <p>In 2019/20 ten Tier 4 students on the MSC Data Science course had been issued with CAS and visas with incorrect end dates following the course end date having changed. This was only identified because International Admissions staff noticed that the visa end dates were unusual during enrolment.</p> <p>There is a risk that CAS are issued with incorrect data which is not subsequently corrected meaning that students cannot complete their courses and LSBU is in breach of its licence.</p>

RECOMMENDATION:

I&C should be copied in on any changes to course dates and I&C should consider notifying Registry of courses where CAS have been issued so that it is aware of the implications of any course changes at enrolment.

MANAGEMENT RESPONSE:


- 1) Agree ownership of course start/end dates data and information with Registry and TQE.
- 2) Own technical change of the current Student Record System (V4) to allow for the system to show pre-populated start/end course dates, placement dates and early completion dates. Creation of updated reports in Launch Pad (Student Record System Reporting tool) to reflect the changes in the Student Record System.
- 3) Creation audit report to provide assurance of accuracy of reports in relation to enrolment records and dates.
- 4) Conduct audit reports to identify anomalies pre-start of each semester after CAS deadline (ensuring CAS assigned are correct).

Responsible Officer:	<ol style="list-style-type: none"> 1) Marc Griffith/Sally Skillet-More and Ralph Sanders 2) Lisa Upton/Paul Prendergast 3) Lisa Upton/Tracy Preston/ - design 4) Anjali Frank - implementation
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Implementation Date:	<ol style="list-style-type: none"> 1) 31 August 2020 2) 15 October 2020 3) 21 September 2020 4) twice a year after the CAS deadline
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LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

RISK: TIER 4 STUDENTS ARE ACCEPTED ONTO COURSES THAT DO NOT MEET THE TIER 4 REQUIREMENTS

Ref	Sig.	Finding
3		<p>The International team does not have visibility over course validations and re-validations and courses are not designated as Tier 4 compliant on the website.</p> <p>Courses must satisfy certain criteria to be eligible for Tier 4 students. The University does not assess or categorise courses in this way or publish this with course information on the website, so Tier 4 students may apply for and be offered places on courses which are not Tier 4 compliant.</p> <p>The International team does not have visibility around course validations so does not know in advance which courses are compliant and therefore needs to review eligibility in CAS applications on a case by case basis.</p> <p>Courses may be re-validated resulting in changes which could make them no longer valid for existing Tier 4 students and International does not have visibility around this process.</p> <p>There is a risk that students apply for and are offered courses for which they are not eligible and that eligible courses could be changed so that they are no longer eligible. These could also impact existing Tier 4 students and LSBU's completion rates.</p>

RECOMMENDATION:

Courses should be assessed to determine whether they are Tier 4 compliant when they are validated or re-validated and this should be published with other course information for applicants.

The impact on Tier 4 status should be considered in the validation and re-validation of courses and the International Office should have visibility of this process.

MANAGEMENT RESPONSE:

- 1) International to provide clear guidance and clarification of the UKVI requirements to make courses compliant.
- 2) TQE to do an internal review/audit of the curriculum to confirm that current courses. being offered to T4 students are indeed compliant with the UKVI requirements.
- 3) Addressing UKVI compliance issues arising from the audit/review.
- 4) TQE to provide guidance to Schools to take into consideration when creating or revalidating courses.
- 5) All courses with mandatory placement must be tracked via In Place.

Responsible Officer:	1) Nuria Prades 2) Marc Griffith/Sally Skillet-Moore 3) Nuria Prades 4)TQE with Directors of Education and Student Experience 5) Kulvinder Birring
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LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

Implementation Date: 1) 31 August 2020
2) 30 September 2020
3) 6 October 2020
4) 31 October 2020
5) 31 October 2020

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

RISK: FAILURE TO IDENTIFY AND APPROPRIATELY REPORT TO UKVI WHERE:

- I) STUDENTS DO NOT ENROL
- II) STUDENTS WITHDRAW FROM THEIR COURSE
- III) STUDENTS MISS TEN CONSECUTIVE CONTACT POINTS
- IV) THERE IS A SIGNIFICANT CHANGE IN THE STUDENT'S CIRCUMSTANCES (EG CHANGE OF COURSE)
- V) THIRD FAILED ATTEMPT EXCLUSIONS.

Ref	Sig.	Finding
4		<p>The Tier 4 student attendance monitoring (SAM) report is inaccurate and requires extensive manual checking.</p> <p>Not all lecture rooms at the University are correctly mapped to the SAM report and so attendance at lectures delivered at these is not picked up in the SAM report.</p> <p>Attendance is reported against rooms assigned in class timetables which may be incorrect or not structured to reflect actual teaching patterns. For example architecture students can use a suite of architecture studios but the timetable may not reflect all of these.</p> <p>Due to these known weakness the Attendance team manually checks all non-attendance in the SAM report to class timetables and tagging reports on a weekly basis and follows up with student services and schools if they have concerns. There are over 700 Tier 4 students on taught courses so the process is resource intensive and open to error.</p> <p>The SAM report has not been run since the campus was closed. Engagement and attendance monitoring since lockdown was raised in our second student data report.</p> <p>NB UKVI requires sponsors to report whether students have missed ten consecutive contact points which can include formal academic and pastoral care activities such as lectures, examinations, tutorials and meetings with welfare advisors. Due to the technical difficulties in accurately recording student attendance for taught courses as described above LSBU has taken the approach of monitoring student attendance at lectures or seminars over a three week period. If students fail to attend at least one timetabled lecture or seminar in that period the Attendance policy is triggered. There is a risk that attendance monitoring is inaccurate and overly resource intensive.</p> <p>See also Observation 1 in relation to attendance monitoring during Covid-19.</p>

RECOMMENDATION:

The University should investigate how the known problems with the existing SAM report accuracy can be resolved and look into automated reporting which brings together information from other systems such as student records.

When the University is in a position to track student attendance more accurately it should consider reviewing its attendance policy to align more closely with UKVI guidance on monitoring contact points.

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

MANAGEMENT RESPONSE:

Ahead of UKVI attendance monitoring policy changes (preview of changes available in October 2020) from expected contact points to academic engagement, review attendance/engagement as follows:


- 1) Set up robust contact points from September 2020 until December 2020. Current SAM report to be reviewed to reflect expected contact points against actual student contact points.
- 2) To enhance the Tier 4 Attendance Monitoring Policy and put reporting in place for January 2021 to comply with new UKVI changes.

Responsible Officer:	1) Gary Smith and Ken Rose - design. Nuria Prades to approve 2) Gary Smith and Ken Rose - design. Nuria Prades to approve
Implementation Date:	1) 21 September 2020 2) 25 January 2021

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

RISK: FAILURE TO IDENTIFY AND APPROPRIATELY REPORT TO UKVI WHERE:

- I) STUDENTS DO NOT ENROL
- II) STUDENTS WITHDRAW FROM THEIR COURSE
- III) STUDENTS MISS TEN CONSECUTIVE CONTACT POINTS
- IV) THERE IS A SIGNIFICANT CHANGE IN THE STUDENT'S CIRCUMSTANCES (EG CHANGE OF COURSE)
- V) THIRD FAILED ATTEMPT EXCLUSIONS.

Ref	Sig.	Finding
5		<p>There is no centralised reporting and monitoring of attendance for students on research degrees, on placements and internships, or during dissertation progression.</p> <p>Although the Tier 4 Attendance policy sets out the roles and responsibilities for day to day attendance monitoring and case management decisions for taught, research and placement students there is only centralised attendance reporting for taught students (SAM report process). For other students responsibility is devolved to schools or the Placement team, and there is no overall visibility over this process.</p> <p>There is a risk of a lack of clarity around the requirements for attendance monitoring for non-taught students, and that it is not being carried out and monitored to demonstrate compliance with UKVI requirements.</p>

RECOMMENDATION:

Centralised reporting should be put in place for tier 4 students on research degrees, on placements and internships, or during dissertation progression and the I&C team should have access to this information.

The Tier 4 Attendance policy should be expanded to clarify the attendance monitoring and reporting requirements for these students.

MANAGEMENT RESPONSE:


- 1) Align reporting with taught programmes
- 2) Update the Tier 4 Attendance Monitoring Policy to include non-taught programmes/course components (i.e. dissertation, placements).

Responsible Officer:	<ol style="list-style-type: none"> 1) Gary Smith - lead, Directors of Education and Student Experience and Director of Operations - design 2) Nuria Prades
Implementation Date:	<ol style="list-style-type: none"> 1) 21 September 2020 2) 25 January 2021

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

RISK: FAILURE TO IDENTIFY AND APPROPRIATELY REPORT TO UKVI WHERE:

- I) STUDENTS DO NOT ENROL
- II) STUDENTS WITHDRAW FROM THEIR COURSE
- III) STUDENTS MISS TEN CONSECUTIVE CONTACT POINTS
- IV) THERE IS A SIGNIFICANT CHANGE IN THE STUDENT'S CIRCUMSTANCES (EG CHANGE OF COURSE)
- V) THIRD FAILED ATTEMPT EXCLUSIONS.

Ref	Sig.	Finding
6		<p>Tier 4 monitoring is reliant on manual spreadsheets and checking processes.</p> <p>I&C maintains a manual spreadsheet for tracking reportable changes to UKVI and progress in completing these. It is manually updated from QL reports and other sources of information.</p> <p>It is time consuming and open to human error, and not subject to system controls around the completeness and accuracy of information.</p> <p>There is a risk that reporting is inaccurate or incomplete and that resources are inefficiently utilised carrying out manual processes.</p>

RECOMMENDATION:

The University should investigate automating the information gathering and reporting for Tier 4 students.

MANAGEMENT RESPONSE:

- 1) Student change of circumstances processes to be automated (withdrawal, interruption, did not enrol, did not re-enrol, early completion, third failed attempt exclusions, placement/internship). Triggered notification from within current Student Record System. Review and expand current DocuSign system.
- 2) Ensure T4 requirements in relation to automated process and reporting are built into the brief for U4SM.


Responsible Officer:	1) Lisa Upton/Paul Prendergast 2) Ralph Sanders and Lisa Upton
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Implementation Date:	1) 21 September 2020 2) Align with LEAP release date
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LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

RISK: FAILURE TO IDENTIFY AND APPROPRIATELY REPORT TO UKVI WHERE:

- I) STUDENTS DO NOT ENROL
- II) STUDENTS WITHDRAW FROM THEIR COURSE
- III) STUDENTS MISS TEN CONSECUTIVE CONTACT POINTS
- IV) THERE IS A SIGNIFICANT CHANGE IN THE STUDENT'S CIRCUMSTANCES (EG CHANGE OF COURSE)
- V) THIRD FAILED ATTEMPT EXCLUSIONS

Ref	Sig.	Finding
7		<p>I&C does not have access to student information relating to the background to third failed attempts.</p> <p>Students who do not successfully complete their course after three attempts have their Tier 4 sponsorship withdrawn unless there are extenuating circumstances. I&C does not have direct access to background information it needs to investigate failed attempts, including records of extenuating circumstances, which is held at academic level. This may impact its evaluation as to whether sponsorship should be withdrawn and could affect the University's Tier 4 completion rate.</p> <p>There is a risk that UKVI compliance metrics are adversely impacted because students have their sponsorship withdrawn unnecessarily.</p>

RECOMMENDATION:

I&C should work with other stakeholders to ensure it has access to information for investigating third failed attempt cases in good time to report correctly to UKVI.

MANAGEMENT RESPONSE:


- 1) Put in place a procedure with SLAs with relevant stakeholders ("who does what when"). Review process of extenuating circumstance for Exam Boards decision. Provide guidance to Exam Boards around extenuating circumstances for T4 students.
- 2) Explore expanded functionality of the current SID system and its use to be rolled out to all relevant stakeholders (Legal, Registry, Executive, etc).

Responsible Officer:	<ol style="list-style-type: none"> 1) Nuria Prades, Jamie Jones 2) Nuria Prades (Lead), Jamie Jones (Lead)- Paola Jimenez and Mike Swire to scope project
----------------------	---

Implementation Date: 21 September 2020

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

RISK: INADEQUATE RECORDS OF TIER 4 STUDENTS' ELIGIBILITY ARE RETAINED

Ref	Sig.	Finding
8		<p>Tier 4 students' contact details are not always complete.</p> <p>Although we were able to verify that records of student eligibility were retained our testing of student records showed that telephone numbers had not been recorded for six of the ten students.</p> <p>Part 6 b) of Appendix D of the Home Office guidance for sponsors on record keeping requires sponsors to hold a history of Tier 4 migrant contact details including telephone numbers. This was also raised as a finding during a previous audit of student data.</p> <p>There is a risk that the University is not complying with Home Office requirements.</p>

RECOMMENDATION:

Responsibility for obtaining and monitoring this information should be clarified. Completeness of Tier 4 contact details should be reviewed at least annually.


MANAGEMENT RESPONSE:

- 1) Review the capability of the current Student Record System (V4) to offer visibility of student contact details changes.
- 2) Internal process to be put in place to ensure students are reminded per semester (twice a year) of their duty and the consequences of failure to provide information. Verification of addresses own by Registry for new and existing.
- 3) Clarification of the repository information of process and audit trail for UKVI audit purposes.

Responsible Officer:	<ol style="list-style-type: none"> 1) Lisa Upton/Paul Prendergast 2) Ralph Sanders and Lisa Upton 3) Ralph Sanders and Lisa Upton
Implementation Date:	<ol style="list-style-type: none"> 1) 21 September 2020 and 25th January 2021 (start of each semester) 2) 1 October 2020 3) 1 October 2020

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

RISK: ROLES AND RESPONSIBILITIES FOR THE MONITORING AND REPORTING OF COMPLIANCE WITH UKVI REQUIREMENTS MAY NOT BE CLEARLY ALLOCATED AND/OR UNDERSTOOD

Ref	Sig.	Finding
9		<p>The Tier 4 Attendance Monitoring policy has not been finalised and published, and other policies have not been updated with the latest review dates.</p> <p>Although the Tier 4 Attendance Monitoring policy was revised by the International Office for 2019/20 and has been in use since September 2019 it has not been signed off by Legal and published on the website.</p> <p>There is a risk that current policies and procedures are not available to staff and students to support them in complying with Tier 4 requirements.</p>

RECOMMENDATION:

Policies should be approved and published before changes are put into place.

MANAGEMENT RESPONSE:

- 1) Current policies to be reviewed: T4 Attendance Monitoring Policy, T4 CAS Issuance Policy, Sickness and Absence Policy for T4 students, Maternity Policy for T4 students. Creation of Work Placement Policy (outcome from the LEAP International accelerator.
- 2) Create a calendar to roll over the review and update process on an annual basis.

Responsible Officer: Anjali Frank and Legal

Implementation Date: 4 September (deadline for policies to be submitted for approval 11 September 2020)

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

OBSERVATIONS

COVID 19 ATTENDANCE MONITORING AND SPONSORSHIP

Home Office guidance issued on 27 March and updated on 16 June 2020 to sponsors of Tier 4 students who are affected by COVID 19, advises that they did not need to report absences due to COVID 19 including inability to travel due to travel restrictions and that they did not need to withdraw sponsorship if a student is unable to attend for more than 60 days because of covonavirus.

The following guidance is given in relation to distance learning:

You can continue to sponsor existing Tier 4 students who are continuing their studies through distance learning, or starting a new course, whether they're in the UK or another country. You can also start sponsoring new students who will start studying through distance or blended learning in the 2020-2021 academic year, provided you intend to transition to face-to-face learning as soon as it is possible to do so.

If a student has permanently withdrawn from their studies or deferred their studies for reasons unrelated to coronavirus, you must report this as usual.

You do not need to withdraw sponsorship for new students who have been issued a Tier 4 visa but are distance learning because they have been unable to travel to the UK. If a student stops engaging with their distance learning, whether overseas or in the UK, you must withdraw sponsorship immediately.

New international students who have not yet applied for a visa but want to start a course which will wholly be studied overseas by distance learning do not require sponsorship under Tier 4. This is because they do not need to travel to the UK.

You do not need to tell the Home Office when students have moved to distance learning.

This distance learning concession will be in place for the duration of the 2020-21 academic year. The concession will be subject to regular monitoring to ensure it is working as intended, and it will be subject to review at the end of the 2020-21 academic year.

When the decision was made to close the University because of COVID 19 in March 2020, the Communications team emailed all Tier 4 students asking them to provide information on their locations and plans. Approximately 1,000 responses have been received to date and the information is being collated by the International student advice team. Processes are being put in place to manage the virtual learning engagement monitoring from September 2020.

The decision has been made not to issue CAS for students whose courses will be delivered solely online in Semester one, September 2020.

GOOD PRACTICE

We identified a number of instances of good practice during our review:

- The reporting tracker gives a clear breakdown of the reporting categories for each item on the tracker, and includes proforma narrative to be included in the SMS report.
- Where sponsorship is withdrawn the reporting tracker shows whether the student provided evidence of their exit date from the UK and the details of the evidence received.

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

- The checking of the SAM report appears to be very thorough, and the report is annotated with details of the additional evidence obtained of attendance and the actions taken to follow-up on non-attendance.

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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.



Keith Brazil	Student Engagement Tier 4 Student Administrator, Student Services
Veronique Faber	Tier 4 Compliance Administrator, International
Anjali Frank	Immigration & Compliance Manager, International
Nuria Prades	Head of Operations, International
Andrew Ratajczak	Fees, Bursaries & Central Enrolment Manager
Lisa Upton	Head of Registry

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

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
Substantial 	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.
Moderate 	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.
Limited 	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.
No 	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

High 	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.
Medium 	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.

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

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 has in place to managing its compliance with the UKVI's requirements with regards to Tier 4 students.

KEY RISKS:

- Roles and responsibilities for the monitoring and reporting of compliance with UKVI requirements may not be clearly allocated and/or understood
- Inadequate records of Tier 4 students' eligibility are retained
- Tier 4 students are accepted onto courses that do not meet the Tier 4 requirements
- Course start and end dates are incorrect and therefore do not match those included on the CAS
- Course changes for Tier 4 students including the adding of placements do not comply with UKVI's requirements
- Failure to identify and appropriately report to UKVI where:
 - i. Students do not enrol
 - ii. Students withdraw from their course
 - iii. Students miss ten consecutive contact points
 - iv. There is a significant change in the student's circumstances (eg change of course)
 - v. Third failed attempt exclusions.

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

SCOPE OF REVIEW:

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

- Roles and responsibilities for the monitoring and reporting of compliance with UKVI requirements
- Maintaining records of Tier 4 students' eligibility
- Controls the University has in place to check whether its courses meet the eligibility requirements before offering them to Tier 4 students
- Processes the University has in place to ensure its course start and end dates are accurate before issuing a CAS
- Course changes and adding of placements
- Monitoring and reporting to UKVI where:
 - Students do not enrol
 - Students withdraw from their course
 - Students miss ten consecutive contact points
 - There is a significant change in the student's circumstances (eg change of course)
 - Third failed attempt exclusions.

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.

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:
Course start and end dates are incorrect and do not match those included on the CAS	If data allows we will match CAS start and end dates against course start and end dates.
Failure to identify and appropriately report to UKVI: <ul style="list-style-type: none"> ○ where there is prolonged absence of students 	If data allows we will assess whether any Tier 4 students met non-attendance criteria as per UKVI guidelines/ LSBU's policy. For a sample we will assess whether appropriate follow up action has been taken and whether they were reported to UKVI within the required timescales (if applicable).

LONDON SOUTH BANK UNIVERSITY, UKVI TIER 4

Failure to identify and appropriately report to UKVI:

- Students do not enrol
- Students withdraw from their course
- there is a significant change in the student's circumstances (eg change of course)
- third failed attempt exclusions.

If data allows we will assess whether the UKVI has been notified of Tier 4 students who do not enrol, withdraw from their course or change their course within the required timescales.

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

WORK UNDERTAKEN

We interviewed key staff and reviewed UKVI guidance and the University's Tier 4 policies and procedures and the reports and trackers in use for each process area to identify and assess the controls in operation. We also carried out sample testing and data analytics to establish whether the controls were operating as described.

We interviewed key staff and reviewed policies and procedures to establish whether roles and responsibilities had been assigned and are understood.

We reviewed whether records of student eligibility, including meeting course requirements, as stipulated by UKVI are retained, and we tested this for a sample of ten students in 2019/20.

We established how the I&C team checks the accuracy of course start and end dates pre and post enrolment. I&C did not record course start and end dates on its tracker that it included on the CAS for the period of our review so we were unable to carry out data analytics of CAS data against Registry data. The tracker has subsequently been amended to record course dates.

The procedures and guidance setting out the criteria and process for changing courses for Tier 4 students was reviewed to check whether this aligns with the UKVI guidance.

We assessed how the University ensures that course/placement changes meet UKVI eligibility criteria prior to approval and how these are captured and reported to the UKVI.

We established and assessed the processes for identifying and reporting non enrolments, withdrawals, significant changes in student circumstances including changing courses, and failed third attempts to UKVI within the deadlines.

Data analytics were carried out a comparison of data in the SMS reporting tracker to data held in QL for all reports due from 1 September 2019 to 30 April 2020, to establish whether it was consistent and supported the accuracy of the UKVI reporting.

Data analytics were also carried out of the due dates and actual reporting dates of items in the SMS reporting tracker for the same period, to assess whether they were being made within the ten working day deadline.

The arrangements for the monitoring of Tier 4 student attendance were reviewed to assess whether they are aligned with UKVI guidance, how non-attendance is reviewed and followed up and whether this is done in a timely manner.

For a sample of ten students who did not meet the attendance requirements per the SAM report we assessed whether appropriate follow up action has been taken and whether they were reported to UKVI within the required timescales if applicable.

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	CONFIDENTIAL
Paper title:	Internal Audit - Estates Capital Programme
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 th October 2020
Author:	BDO
Sponsor:	Paul Ivey – Deputy Vice Chancellor and Chief Business Officer
Purpose:	For noting
Recommendation:	The Committee is requested to note the findings of the report.

Summary

The Audit found that the control environment was ‘robust’ but identified gaps in the process which are being addressed. The Audit highlighted four recommendations three of which were categorised as low and one as medium. All of the recommendations were discussed with the Auditor and have been accepted and agreed and appropriate action either taken or planned.

The EAE Team felt that the actions attributed to the majority of the recommendations were being undertaken as part of the existing process but not in the format and with the clearly identifiable heading recommended. As an example, committee reports submitted for approval include a clear justification for projects and outline benefits etc. but are not titled as a Project Initiation Document (PID). Such a document would include a communication plan which is currently dealt with separately at the Project Boards attended by relevant internal stakeholders etc. Our response to these recommendations is seen as a priority and in this respect, going forward, Committee Reports will include a PID which will cover not only the life of the project itself but will highlight the requirement for ongoing reporting on the progress of the SMART objectives included in the original application as a justification for the project.

It is accepted that despite the fact the capital projects are managed by professionally qualified staff to RIBA project management guidelines, updated standardised internal procedures would be beneficial and could also be used as good practice guidelines for minor capital projects. This task has been planned for some time but due to

pressure of work, this has not yet been possible but will be diarised as soon as possible.

The Terms of Reference (ToR) for the Project Boards have been revised and names of participants removed to show job titles only. The ToRs will be reviewed annually at the Project Board meetings and amended and agreed as appropriate.

The full report is included as a supplement for information.

Recommendation:

The Committee is requested to note the findings of the report.

	CONFIDENTIAL
Paper title:	Internal Audit –Student Data Continuous Audit
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 th October 2020
Author:	BDO
Sponsor:	Richard Flatman - Group Chief Financial Officer
Purpose:	For noting
Recommendation:	The Committee is requested to note the findings of the report.

Summary

The report gives a moderate level of assurance for control design and a substantial level of assurance for operational effectiveness. Three recommendations have been made, around attendance monitoring and module choices, all of which have been accepted by management.

The full report is included as a supplement for information.

Recommendation:

The Committee is requested to note the findings of the report.

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	CONFIDENTIAL
Paper title:	Internal Audit –Family Transition
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 th October 2020
Author:	BDO
Sponsor:	Dave Phoenix - Vice Chancellor Fiona Morey - Executive Principal
Purpose:	For noting
Recommendation:	The Committee is requested to note the findings of the report.

Summary

The audit considers the governance arrangements and effectiveness by which risks were managed during the transition of Lambeth College into SBC. During initial phases the program was overseen by a formal project structure before transition to business as usual. Prior to entering the business as usual phase actions and milestones were captured and monitored through line management with a review at 6mths.

The report is generally positive with one minor recommendation around the benefit of bringing the project team back together to review progress during this 6mth period. A substantial level of assurance for both control design and operational effectiveness has been given.

A meeting of the project team will be undertaken in November to confirm that key actions are being effectively managed through the devolved process.

The full report is included as a supplement for information.

Recommendation:

The Committee is requested to note the findings of the report

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	CONFIDENTIAL
Paper title:	Internal Audit – Draft Annual Opinion
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 th October 2020
Author:	BDO
Sponsor:	Richard Flatman - Group Chief Financial Officer
Purpose:	For noting
Recommendation:	The Committee is requested to note the report and its findings

Summary

The 2019/20 audit programme is now complete and the annual report has been produced by BDO with their opinion given on page 7 of the report.

Recommendation:

The Committee is requested to note this report.

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A woman with long dark hair, wearing a bright red coat and a grey skirt, stands on a balcony with a black wrought-iron railing. She is looking upwards and to the right, with her arms slightly outstretched. The background shows a city street with buildings and a car, slightly out of focus. The lighting is warm, suggesting late afternoon or early morning. There are red vertical bars on the left side of the page.

LONDON SOUTH BANK UNIVERSITY GROUP

INTERNAL AUDIT ANNUAL REPORT - *DRAFT*
September 2020

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INTRODUCTION

Role of Internal Audit

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The OfS Code of Practice describes the prime responsibility of the internal audit service as providing the governing body, the designated officer and the other managers of the HEI with assurance on the adequacy and effectiveness of risk management, control and governance arrangements.

Responsibility for these arrangements remains fully with Management, who should recognise that internal audit can only provide a reasonable level of assurance and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management improve risk management control and governance, so reducing the effects of any significant risks faced by the organisation.

The Group Board is ultimately responsible for the system of internal control and the management of risk, including reviewing the effectiveness of internal control. Management is responsible for implementing board policies on risk and control, achieved by designing, operating and monitoring a suitable system of internal control and risk management. All employees have some responsibility for internal control, in that they are all accountable for achieving objectives and should also understand the risk implications of the activities they perform.

Planned Coverage

Our internal audit work for the 12-month period from 1 August 2019 to 31 July 2020 was carried out in accordance with the internal audit plan approved by the Audit and Risk Committee and in line with the recognised professional auditing standards from the Chartered Institute of Internal Auditors.

The internal audit programme is risk based and our work is designed to cover all key risks over the life cycle of the internal audit plan. London South Bank University Group (the Group) agreed to an input of 206 days of internal audit coverage in the year, of which 194 days were delivered. The approved internal audit annual plan for 2019/20 comprised the following assignments:

- ▶ Risk Management (Group)
- ▶ Family Transition (LSBU And SBC)
- ▶ Health And Safety (SBC And SBA)
- ▶ Financial Systems And Controls (Group)
- ▶ Data Quality (LSBU And SBC)
- ▶ Continuous Audit - Student Data (LSBU)
- ▶ Recommendation Follow Up
- ▶ Apprenticeships (SBC And SBA)
- ▶ UKVI (All Tiers) (LSBU)
- ▶ Research Excellence Framework (LSBU)
- ▶ Estates Capital Programme (LSBU And SBC)
- ▶ IT Security (Group)

Changes To The Plan

The audit of Health And Safety at SBA was removed from the plan as it was receiving alternative assurance in this area from another third party. The audit of Apprenticeships for SBC was deferred due to COVID-19 as the audit could not be performed remotely.

Audit Outcomes

The conclusions and findings from our reports are summarised on pages 7 to 16.

DASHBOARD

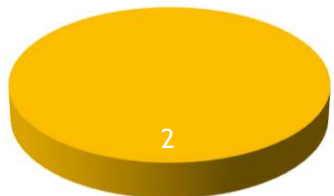
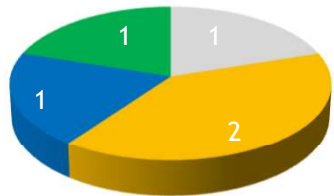
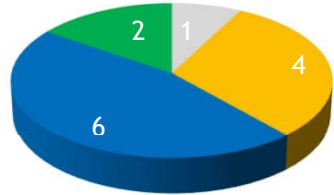
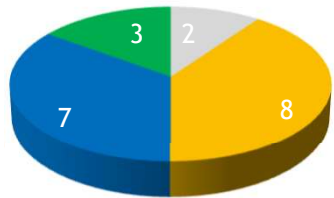
Assurance Opinions Given

Financial year 2019-20

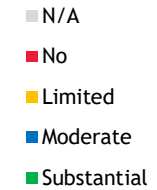
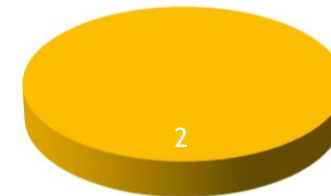
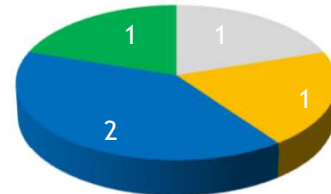
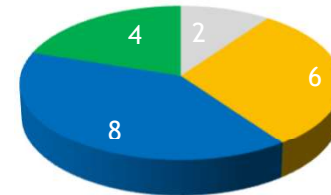
Group Total
(as three opinions for IT security were provided, all have been included here).

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Design of Internal Controls



Effectiveness of Internal Controls



DASHBOARD

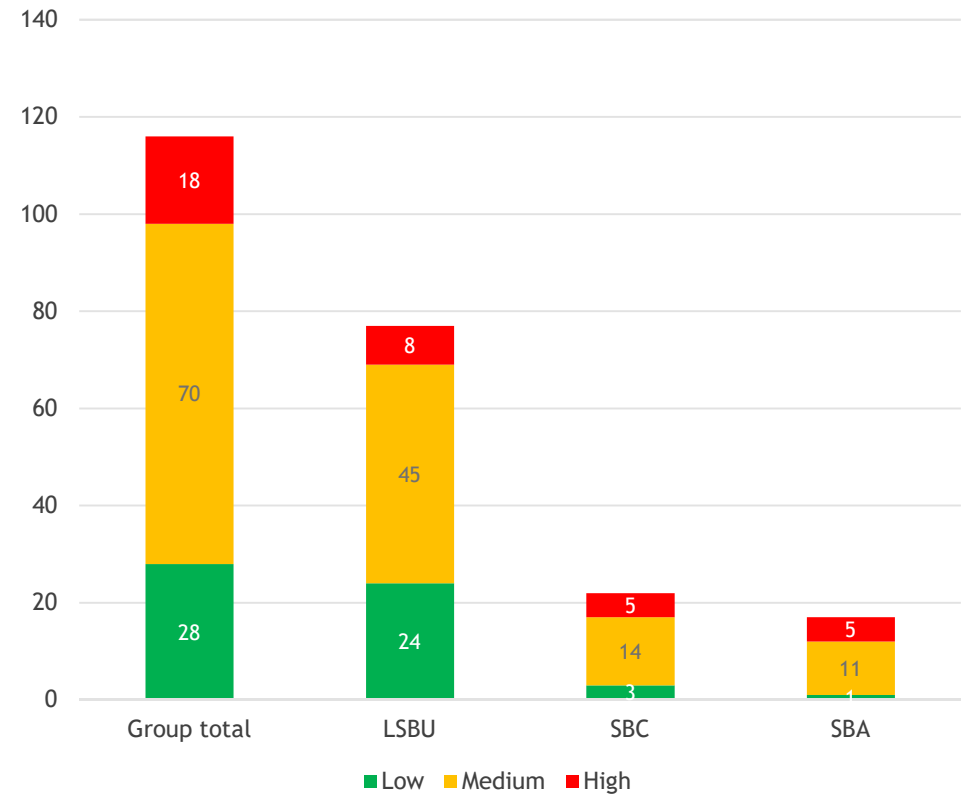
Recommendations Made Per Assurance Audit - 2019/20

Year	Group total	LSBU	SBC	SBA
Assurance audits completed	17	12	3	2
Recommendations raised	116	76	22	17
Average per audit	6.82	6.3	7.33	8.5

As this is our first year as internal auditors, we have not provided a comparison with prior years as the previous internal auditor's ratings are not comparable. In future years, we will provide year on year comparable data to show the number and significance of recommendations raised.

The overall number of recommendations raised across the Group is 115, averaging 6.82 per audit. This is slightly lower at the university, with 6.82 but above average at both SBC and SBA.

Recommendations made by significance - 2019/20



INTERNAL AUDIT OPINION

Basis Of Opinion

As the provider of internal audit services to LSBU Group, we are required to provide the Audit and Risk Committee and the Group Board with an opinion on the adequacy and effectiveness of the Group's risk management, control and governance processes. In giving our opinion it should be noted that the assurance can never be absolute. The most that Internal Audit can provide to the Group Board is reasonable assurance that there are no major weaknesses in the Group's risk management, control and governance processes. In assessing the level of assurance to be given, we have taken into account:

- ▶ All audits undertaken during the year reported upon
- ▶ Any follow-up action taken in respect of audits from previous periods
- ▶ Management action in implementing recommendations
- ▶ Any significant recommendations not accepted by management and the consequent risks (if any)
- ▶ The effects of any significant changes in the Group's objectives or systems
- ▶ What proportion of the Group's audit need has been covered to date.

INTERNAL AUDIT OPINION

Opinion

In our opinion, based on the reviews undertaken, the follow up audits completed during the period, and in the context of materiality:

- The risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements. This is with the exception of the following areas where limited assurance was provided over the design of controls:
 - LSBU - Accounts Receivable, UKVI Tier 2 and Tier 5, UKVI Tier 4 and IT Security
 - SBC - Accounts Payable and Health & Safety for SBC
 - SBA - AP and ParentPay and IT Security.
- Based on our sample testing, risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable assurance that the related risk management, control and governance objectives were achieved throughout the period under review. This is with the exception of the following areas where limited assurance was provided over the effectiveness of controls:
 - LSBU - Accounts Receivable, UKVI Tier 4 and IT Security
 - SBC - IT Security
 - SBA - AP and ParentPay and IT Security.
- The arrangements we examined to promote economy, efficiency and effectiveness were suitably designed to achieve the objectives required by management; and those arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the related objectives were achieved during the period under review.

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Group's risk management, control and governance processes and its arrangement for economy, efficiency and effectiveness.

This opinion is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity. Specifically, some of the internal audit work undertaken was delivered prior to the changes in environment due to the COVID-19 pandemic and therefore our work and opinion provided does not provide an opinion on subsequent changes to risk management, control and governance arrangements as a result of the pandemic and increased remote working arrangements in those areas.

Value for money








We are able to provide reasonable assurance on the adequacy of the Group's arrangements for economy, efficiency and effectiveness. Consideration is always given during an audit as to whether the underlying systems encourage value for money (VFM). Two audits were completed in the period which considered aspects of VFM and were generally found to be well controlled. Audits which had a VFM focus were estates capital programme, ParentPay (re catering contract). We also reviewed efficiencies aspects of VFM across the student data audits, and apprenticeships audit.

Management action on recommendations






Management has made steady progress in implementing recommendations from previous internal audit reports. Of the 49 recommendations brought forward from 2017/18 and 2018/19, 34 have been implemented and 15 remained outstanding at 31 July 2020. Our reporting to Audit and Risk Committee throughout the year shows that progress is being made to address recommendations.

SUMMARY OF AUDIT RESULTS

Within the year, we produced 17 audit reports and conducted two follow-up reviews of previously raised recommendations. For the purpose of this annual report, we set out below our summary of the audits completed, the significance of recommendations raised, our overall report conclusions on the design and effectiveness of the risk management and internal control arrangements over each and details of the key issues raised within the report. The definitions of recommendation significance and report conclusions are set out in the tables in Appendix I.

Reports issued	Recommendations and significance			Overall report opinion		Findings of High or Medium significance
				Control design	Operational effectiveness	
Group						
Risk Management (DRAFT)	N/A	N/A	N/A	N/A	N/A	A risk maturity assessment was performed and advisory recommendations made.
Family Transition	0	0	1			No significant issues were raised.
Estates Development	0	1	2			<ul style="list-style-type: none"> There is a lack of feedback from governing bodies to the estates and project management team which may lead to projects not being delivered to time or budget. Project objectives and benefits documented in the key project documentation are not as formally defined or as 'SMART' as would be expected for significant capital projects. There are no formal written project management processes or procedures which may lead to inconsistent management practices being implemented on capital projects.










SUMMARY OF AUDIT RESULTS

Reports issued	Recommendations and significance			Overall report opinion		Findings of High or Medium significance
				Control design	Operational effectiveness	
Financial Systems And Controls - AR	1	8	2			<ul style="list-style-type: none"> • There are no ongoing financial due diligence checks performed nor are balances checked against credit limits prior to services being delivered. • Non-financial due diligence (eg reputation) is not conducted. • LSBU currently has a high number of unallocated receipts sitting on its two bank accounts (NatWest and Barclays). • Some current customer and student debts have not been chased in line with University policy. • Duplicate customer accounts exist in both the LSBU and SBUEL Agresso ledgers • SBUEL customers that are set up on subscription based invoicing are able to exceed their credit limits in Agresso and there is no oversight of the outstanding debt of these customers relative to their credit limits. • The HAPLO system used by BSMs for recording SBUEL activity does not record invoicing requirements and is not integrated with the Agresso system. • Student credit notes do not require approval in QLX. • Two refunds were identified where the payment could not be traced back to the original account as the original source of the funds was not known due to the payee reference on the cash book being missing.

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LSBU










SUMMARY OF AUDIT RESULTS

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Reports issued	Recommendations and significance			Overall report opinion		Findings of High or Medium significance
				Control design	Operational effectiveness	
Financial Systems And Controls - AP And Payroll	2	4	3			<ul style="list-style-type: none"> • There are a large number of employees with administrator access to iTrent and the system administrator account is being used to run the month end payroll. • There are no controls to restrict changes to supplier standing data and no exception reporting of changes to supplier details. • Agresso does not require approval for all journal types prior to posting. • Duplicate suppliers have been set up in Agresso. • We identified staff paid that were erroneously paid by LSBU after their employment had ended. • Duplicate invoices may have been paid by LSBU.
Data Quality HESA	0	1	2			<ul style="list-style-type: none"> • CPD student enrolment data is incomplete and supporting enrolment forms were not stored on the University document management system, INVU.
Continuous Auditing - Student Data 1	0	3	4			<ul style="list-style-type: none"> • The way in which the University monitors student engagement is not useful and the way in which it operates the Student Engagement procedure is inefficient. • LSBU does not have controls to identify whether a student is enrolled erroneously on two courses. • Two students reviewed were enrolled prior to key documents being checked.








SUMMARY OF AUDIT RESULTS

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LSBU






Reports issued	Recommendations and significance			Overall report opinion		Findings of High or Medium significance
				Control design	Operational effectiveness	
Continuous Auditing - Student Data	0	1	2			<ul style="list-style-type: none"> LSBU is not systematically monitoring student engagement/attendance during the Covid-19 restrictions.
UKVI Tier 2 and 5	0	7	0			<ul style="list-style-type: none"> There is no overarching UKVI policy. The Right to Work procedure does not reference current regulations. There were a number of missing, incomplete or illegible RTW documents. The process for checking and reporting Tier 2 changes is not documented. The iTrent report contains staff incorrectly categorised as Tier 2. Tier 2 file checklists are not consistently reviewed and signed off. Annual acknowledgements of sponsorship responsibilities had not all been received and line managers are not asked to accept responsibility for reporting unauthorised absences or changes in job details.
Apprenticeships	0	2	1			<ul style="list-style-type: none"> Unit4 is largely populated through manual data entry. There is a key dependency on the Apprenticeship Administrator, as they are the only member of staff who inputs the data into Unit4.

SUMMARY OF AUDIT RESULTS

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Reports issued	Recommendations and significance			Overall report opinion		Findings of High or Medium significance
				Control design	Operational effectiveness	
REF Preparation	0	4	4			<ul style="list-style-type: none"> Recommendations from Mock exercises are not being monitored. Lack of Research Office oversight of how many outputs have been reviewed. No formalised process for monitoring the implementation of the Roadmap. Not all REF decision makers and advisors have undergone the required training.
UKVI Tier 4	1	6	2			<ul style="list-style-type: none"> Reporting of Tier 4 student changes to UKVI are not always being made within the required timescales. The Immigration and Compliance team (I&C) does not have visibility around changes to course dates. The International team does not have visibility over course validations and re-validations and courses are not designated as Tier 4 compliant on the website. The Tier 4 student attendance monitoring (SAM) report is inaccurate and requires extensive manual checking. There is no centralised reporting and monitoring of attendance for students on research degrees, on placements or during dissertation progression. Tier 4 monitoring is reliant on manual spreadsheets and checking processes. I&C does not have access to information relating to third failed attempts.










SUMMARY OF AUDIT RESULTS

Reports issued	Recommendations and significance			Overall report opinion		Findings of High or Medium significance
				Control design	Operational effectiveness	
IT Security	4	8	0			<ul style="list-style-type: none"> • There are no information security governance structures that would be typically associated with a fully functioning IS Management System. • The trusted zone of the network is flat. • Password policies do not conform to best practice. • The current Sophos anti-virus solution installed at the University has problems with the reporting of detected issues. • The backup is running at around 75-90% of capacity and there is no off-site backup copy. • There is no formal patch management policy, approved ICT Asset Management policy or formal information security incident management procedure • There is no restriction on the use of personal media such as USB drives at the University. • The local administrator account is not disabled on all computers in the University IT estate and local administrator passwords are not managed. • No formal organisational recovery plans are approved and in place. • Business requirements that specify how access is managed and who may access information and systems under what circumstances are not documented.






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SBU

SUMMARY OF AUDIT RESULTS

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SBC






Reports issued	Recommendations and significance			Overall report opinion		Findings of High or Medium significance
				Control design	Operational effectiveness	
Financial Systems And Control - Payroll And AP	2	2	1	Accounts payable  Payroll 	 	<ul style="list-style-type: none"> Transfer of the closing balances from Symmetry to Agresso has not taken place. Supplier bank detail changes are not independently verified with the respective supplier and there is a lack of segregation of duties over the setting up of suppliers and changing of bank details. Goods receipt notes are not checked before invoices are paid and POs raised prior to the cut-off have not been migrated across to Agresso. The supplier due diligence process is inadequate
Data Quality (Draft)	0	0	0	N/A	N/A	This was a follow up of recommendations raised in the ESFA funding audit.
Health And Safety (Draft)	1	5	1			<ul style="list-style-type: none"> As at 9 July 2020 there were COSHH 153 risk assessments which were overdue. Reporting to the SBC H&S Committee and Board of Governors does not contain key metrics. Policies, procedures and management plans in relation to fire safety, legionella and asbestos are not complete and up to date. There is no process to record whether contractors have been provided with the latest asbestos register before carrying out works at the College. No formal processes for monitoring the performance of contractors.

SUMMARY OF AUDIT RESULTS

Reports issued	Recommendations and significance			Overall report opinion		Findings of High or Medium significance
				Control design	Operational effectiveness	
IT Security	2	7	1			<ul style="list-style-type: none"> At Lambeth College, key systems including email and the Distributed File System (DFS) are running on legacy operating systems. Network equipment is now obsolete and no longer supported by the supplier. Besides those inventories there are no processes related to information security asset management. Back-ups are stored locally and there is no off-site backup copy. No formal documentation that describes the requirements for patch management. Whilst details of alerts are passed to the College, we understand there is no formal procedure for addressing these alerts. No formal information security incident management procedures. There is no practice of regular access rights review and that privileged access rights are reviewed on an ad-hoc basis. there is no antivirus software installed on the 142 virtual and physical servers at the College.

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SUMMARY OF AUDIT RESULTS

Reports issued	Recommendations and significance			Overall report opinion		Findings of High or Medium significance
				Control design	Operational effectiveness	
Financial Systems And Control - AP And Parentpay	4	4	0			<ul style="list-style-type: none"> PS Financials does not have some the basic controls we would expect to see in a finance system, nor has it been set up in a way in which we would expect. There is a lack of segregation of duties over the accounts payable process. The process is manual and does not have system based approvals. There is a lack of segregation over the setting up, removal and amending of supplier bank details in PS Financials. There are a lack of controls over the recording, reconciling and collection of income relating to school meals at UTC. There are also weaknesses in the recoding and reconciling of meals at UAE. There is no authorised signatory list in place for the schools. Supplier due diligence does not include solvency checks nor is there a check of supplier solvency if a supplier is re-engaged after having not been used for some time. SBA's financial policies and procedures are held on LSBU's network which school staff do not have access to.

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SBA

SUMMARY OF AUDIT RESULTS

Reports issued	Recommendations and significance			Overall report opinion		Findings of High or Medium significance
				Control design	Operational effectiveness	
IT Security	1	7	1			<ul style="list-style-type: none"> 681 active directory (AD) accounts that had passwords set never to expire and 897 AD accounts with password not required settings. Current capacity of the backbone is unable to cope with the current levels of traffic and security exposure. There are no inventories related to IT infrastructure and applications in use. Backups are stored locally on network attached storage. There is no history of regular penetration test and vulnerability scans at either of the academies' infrastructure. South Bank University Engineering (UTC) does not have an information security policy. Business requirements for deciding how access is managed and who may access information and systems under what circumstances is not established and documented. Access to the server room is not restricted at South Bank University Engineering (UTC).

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GOVERNANCE

Relationship with External Audit

The external auditors receive copies of our strategic and annual plan. All final reports are available to the external auditors through the Audit and Risk Committee papers.

Conflicts of Interest

We have not undertaken any work or activity during 2019-20 that would lead us to declare any conflict of interests.

QUALITY ASSURANCE

As a firm we are committed to continual improvement. In order to achieve this we apply the latest internal quality standards, which are designed to ensure that the work we perform meets the requirements of the regulatory environment within which each of our clients operates. The provision of Internal Audit Services rests with a team of dedicated internal audit professionals who form part of a National Risk Advisory Services (RAS) team.

Qualifications, training and development

It is our policy that staff engaged in the provision of a specialist service be qualified in the relevant professional discipline. In Internal Audit, staff are qualified or are studying for the exams of the Chartered Institute of Internal Auditors - UK, or studying for their qualifications through an accountancy body.

All staff are encouraged to retain commitment to their professional body after their qualification and the firm is committed to continuing professional education and provide staff access to quality training programmes.

Methodology

We adopt the following processes in order to ensure that the internal audit work we perform meets our required quality standards:

Documented standards

- The fundamentals of our auditing standards are set out within our audit manual and related documentation. Our audit methodology complies with current best practice, Government Internal Audit Standards and with client specific codes of Audit Practice.

Planning

- Each assignment is planned based upon a thorough understanding of the business area being audited and the risks that are associated with that area. All assignments are supported by briefing documents agreed in advance with the client.
- The work conducted in order to meet the requirements of each assignment brief is subject to a full client debrief and to peer review within the audit team before a final draft report is issued. All finalised reports are approved and signed off at Partner level.

Cold reviews

- We also adopt a cold review process where samples of the work performed by the internal audit team are reviewed to ensure that they meet our own internal standards. These reviews are conducted by professionals who are not part of the team which conducted the detailed work.

National quality reviews

- The work of cold review is subject to our National Quality Review processes. These reviews are aimed at ensuring that there is a consistency of standards adopted within the firm, that the internal cold review processes that we adopt are being applied consistently and that they cover fully all of the areas which could expose our clients and the firm to unwanted risk.

QUALITY ASSURANCE

Continuous improvement

The results of the various review processes that are outlined above are used to inform the development needs of staff through our appraisal process and by the development of relevant training courses for the staff involved in internal audit work. The appraisal process adds to the structured training that each member of our Risk Assurance Team (RAS) receives on a firm wide basis. At the moment each of our team members is required to attend two national RAS training days annually with additional training being provided in response to changes in the environment in which we operate.





External quality assessment




The global standards of the Institute of Internal Auditors (IIA) require every internal audit function that aims to comply with its standards to be reviewed, externally, every five years for its compliance. At BDO we pay much attention to quality assurance and so have submitted our RAS team to an External Quality Assurance (EQA) review every five years, most recently in April 2015. We engaged the IIA to carry out our most recent EQA and, in summary, their conclusion was:

“It is our view that the working practices of RAS generally conform to all 56 of the 56 principles ... RAS is also generally conforming to all PSIAS... We consider this to be excellent performance which places RAS in the top quartile of internal audit functions we have reviewed. Overall we have been impressed with the professional, risk based approach to the delivery of internal audit within client organisations.”

A full copy of the EQA report is available to our clients in order they may obtain comfort regarding our working practices.

APPENDIX I - DEFINITIONS

Level of Assurance	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design opinion	Findings from review	Effectiveness opinion
Substantial 	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.
Moderate 	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.
Limited 	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.
No 	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	
High 	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.
Medium 	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.
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.

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	CONFIDENTIAL
Paper title:	2020/21 Group Risk Policy and LSBU Risk Appetite
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	06 October 2020
Author(s):	Richard Duke, Director of Strategy & Planning
Sponsor(s):	Richard Flatman, Chief Financial Officer
Purpose:	For Approval
Recommendation:	The committee is requested to recommend the risk appetite profile to the Board for approval.

Executive Summary

As part of the Risk Policy, it is stated that the October Audit Committee should recommend the risk appetite to the Board. Included in this paper is the last approved risk appetite statement. Consideration of the following should be considered:

- To what extent do the levels of risk appetite align? For example is there tension in having a ‘seek’ appetite for academic delivery and ‘open’ for financial and reputational with ‘cautious’ for legal and compliance? Is there operational consequences to this combination?
- To what extent does appetite align with the current market and sector conditions?

The Group Risk Policy was approved at the June 2020 Audit Committee, and is attached as an appendix for information.

Recommendation

The committee is requested to recommend the risk appetite profile to the Board for approval.

London South Bank University Risk Appetite:

The risk appetite statements are as follows for each risk type:

- a. Financial – open;
- b. Legal and compliance – cautious;
- c. Academic delivery – seek;
- d. Reputational – open.

An overall appetite is not set, but is used as a framework for decision making.

These are displayed against the original framework overleaf.

	Avoid / Averse	Minimal	Cautious	Open	Seek	Mature
Overall	Avoidance of risk and uncertainty is a key organisational objective	(as little as reasonably possible) Preference for ultra- safe delivery options that have a low degree of inherent risk and only for limited reward potential	Preference for safe delivery options that have a low degree of inherent risk & may only have limited potential for reward	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM)	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)	Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust
Financial	Avoidance of financial loss is a key objective.	Only prepared to accept the possibility of very limited financial loss if essential.	Prepared to accept possibility of some limited financial loss. Resources generally restricted to existing commitments.	Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Resources allocated in order to capitalise on opportunities.	Investing for the best possible return and accept the possibility of financial loss (with controls may in place). Resources allocated without firm guarantee of return – 'investment capital' type approach	Consistently focused on the best possible return for stakeholders. Resources allocated in 'social capital' with confidence that process is a return itself
Legal Compliance	Play safe; avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances.	Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge.	Challenge would be problematic but we are likely to win it and the gain will outweigh the adverse consequences	Chances of losing any challenge are real and consequences would be significant. A win would be a great coup	Consistently pushing back on regulatory burden. Front foot approach informs better regulation
Academic Activity	Defensive approach to objectives – aim to maintain or protect, rather than innovate. Priority for tight management controls & limited devolved authority. General avoidance of systems and technology developments.	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations.technology developments to protect current operations.	Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery.	Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.	Innovation the priority – consistently 'breaking the mould' and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.
Reputation	No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be failure. Mitigations in place for any undue interest.	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation's reputation.	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation.	Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks.

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LSBU Group Risk Policy 2020/21

The approach detailed in this policy, will be implemented throughout 2020/21, ready to be fully implemented by the Autumn of 2021.

Purpose of Risk Policy

The risk policy:

1. Explains the London South Bank University Group's approach to risk management. Risk Management provides a mechanism and framework which at the highest level seeks to ensure that the London South Bank University Group achieves its strategic objectives, through effective identification, and management of uncertainties that could impact on these outcomes.
2. Sets out the roles and responsibilities of all key parties. It also sets out the risk management process at LSBU and the main reporting procedures.
3. Is part of the London South Bank University Group's internal control and corporate governance arrangements.
4. Ensures the London South Bank University Group complies with compliance requirements placed upon it by the key regulatory bodies; the Office for Students (OfS) and Office for Standards in Education (OFSTED). Comprehensive risk management is a regulatory requirement for all registered providers by OfS and OFSTED. The OfS regulatory framework¹ details these requirements and are outlined below.

OfS Condition E2: Management and governance

- i. Operate in accordance with its governing documents.
- ii. Deliver, in practice, the public interest governance principles that are applicable to it.
- iii. Provide and fully deliver the higher education courses advertised.
- iv. Continue to comply with all conditions of its registration.

Included in the OfS assessment of institutions governance arrangements is that institutions have:

- Evidence of risk management tools and processes (e.g. a risk register)

It is also essential for institutions to follow public interest governance principles. Principle number V is:

- Risk management: The provider operates comprehensive corporate risk management and control arrangements (including for academic risk) to ensure the sustainability of the provider's operations, and its ability to continue to comply with all of its conditions of registration.

The Ofsted evaluation framework, does not specifically reference risk management, but there is a review of effective Governance, of which risk management is an important component.

¹ OfS Regulatory Framework https://www.officeforstudents.org.uk/media/1406/ofs2018_01.pdf

Definition of Risk

For the purposes of this policy, risk is defined as:

‘Circumstances that have not yet occurred that potentially impact upon the achievement of the organisation’s objectives’.

This could be any event, outcome or action which could:

- Cause financial disadvantage to the Group, i.e. loss of income, additional costs, loss of assets, creation of liabilities;
- Cause damage to the reputation of the Group;
- Prevent an opportunity from being taken;
- Lead to a failure to capitalise on our strengths;
- Prevent or hinder achievement of any of the objectives of the Corporate Strategy or associated local delivery plans;
- Impact negatively on student experience or achievement;
- Increase risks of non-compliance with regulators.

This is distinct to an issue, which is something that also might impact upon the achievement of objectives, but has already occurred.

Risk and wider Business Planning

The reporting of risk will align with the LSBU Group’s approach to accountability, assurance and business planning. Risk represents one of the four components of this approach. The four areas are:

- Deliverable Monitoring (what we will deliver);
- Outcomes (KPIs and PIs);
- Regulation (Office for Students (including Teaching Excellence Framework and Access & Participation Plan, Knowledge Exchange Framework, Research Excellence Framework) Ofsted and United Nations Sustainable Development Goals);
- Risk.

Each of the above will be classified by the Executive Area of ownership and Strategic Pillar.

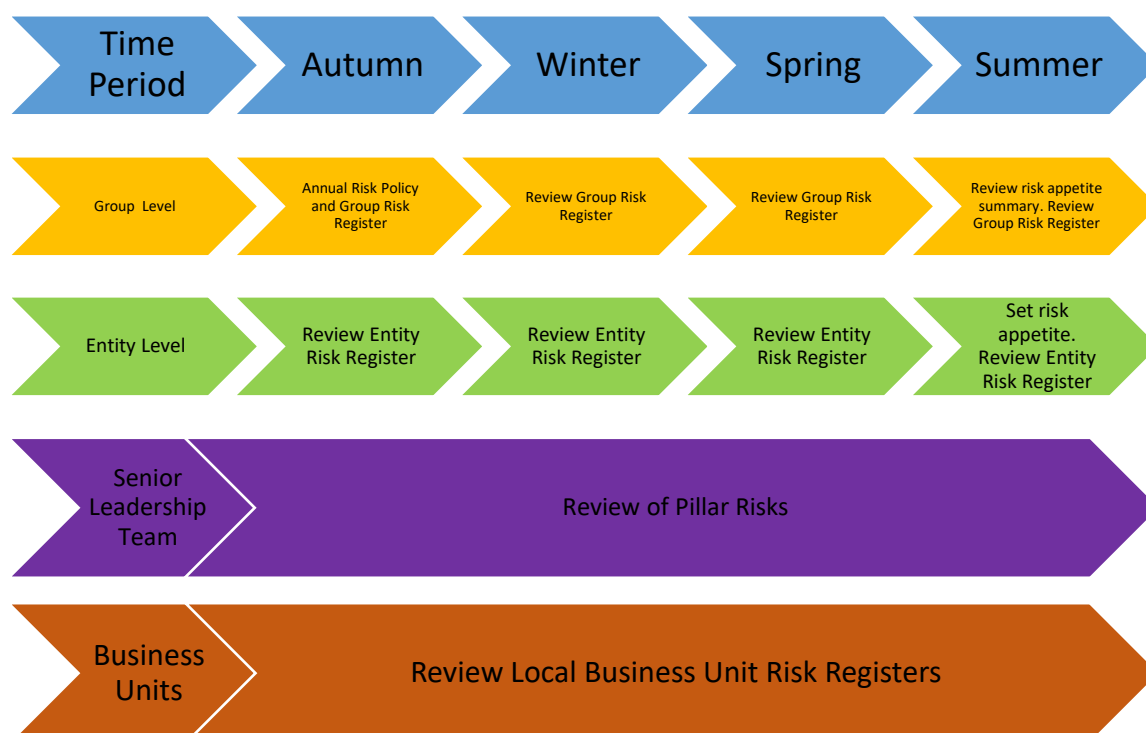
The LSBU Group and Risk Policy

There are four entities that comprise the LSBU Group:

- London South Bank University
- South Bank Colleges
- South Bank Academies
- South Bank Enterprises

The different regulatory requirements of each element of the Group, requires a devolved approach to risk. However, this policy’s coverage relates to the whole Group, and where a devolved approach is taken, this is clearly specified.

Timelines



Appendix B details the annual schedule of risk management in detail.

Risk Registers

The LSBU Group has three sets of risk registers across its risk management process. These are:

- LSBU Group Risk Register;
- Institutional Risk Registers;
- Local Risk Registers.

The population of the Group Risk Register is informed by risks outlined in Institutional Risk Registers. The risks in the Group Risk Register, maybe specific to an individual entity within the Group, but the risk is deemed great enough to impact the overall Group. Institutional Risk Registers are informed by local risk registers.

Each risk will have the following information recorded against it:

Risk	Risk description	Risk Type	Group wide or Institution Specific	Pillar	Executive Area	Cause and effect of risk	Likelihood rating	Impact rating	Mitigating actions	Residual likelihood	Residual risk classification	Risk owner
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Local Risk Registers

- Each local risk register is owned by the lead of the business unit (e.g. PSG or School);
- Each risk will detail as to whether it represents a Group wide risk, or specific to an individual Group institution.

Institutional Risk Registers

- Institutional risk registers are owned by institution leads, as detailed in Table 1 (roles and responsibilities);
- As an appendix to the register, critical and high risks contained in local risk registers (sorted by pillar), relevant to individual institutions will be published;
- In addition to the standard risk register, an institutional regulatory risk report will be produced.
 - LSBU – OfS and OFSTED (levels 4+5 Apprenticeships)
 - SBC – OFSTED and ESFA
 - SBA – OFSTED
 - SBE – Not applicable.

Group Risk Register

- The Group risk register is owned by the Vice-Chancellor and Group Chief Executive Officer
- As an appendix to the Group risk register, Institution risk registers will be published.

This diagram details the hierarchy of risk registers.



Strategic Pillars

The 2020-25 Group Strategy is grouped into four pillars. Risks will be reported against these pillars, at each level of risk reporting. The strategic pillars are:

- Access to Opportunity
- Student Success
- Real World Impact

- Fit for the Future (split into three)
 - Technology and Estate
 - People, Culture & Inclusion
 - Resources, Market and Shape

Executive Areas

Each risk, at all levels, will be classified by Executive area, to allow for reporting for each Executive member. These Executive areas are:

- Academic Framework
- Place & Impact
- Student Journey
- People
- Finance
- Executive Office
- LSBU Teaching & Research
- Institute of Health & Social Care
- Lambeth College & Academies

Risk Categories

The following risk categories are used across the LSBU risk management framework. Each risk, regardless of level of reporting is assigned a risk area.

- Financial
- Legal and Compliance
- Academic Activity
- Reputation

Risk Appetite

Risk appetite is devolved to each individual entity of the LSBU Group. This is not aggregated at Group Level. A risk appetite is defined in each entity of the Group, using the consistent risk appetite framework. This framework is detailed in Appendix A. A risk appetite is set for each of the risk categories outlined above.

Roles and Responsibilities

The table below details Committees, meetings and individuals roles and responsibilities as part of the risk management policy.

Table 1

Role	Responsibility
Group Board	Review and Approve Group Risk Policy, Institutional Risk Appetites and Group Risk Register Approve LSBU Risk Register.
Group Audit Committee	Review and Recommend Risk Policy, Institutional Risk Appetites and Group Risk Register to Board Recommend LSBU Risk Register to Board
Group Executive	Review and Recommend Risk Policy, Institutional Risk Appetites and Group Risk Register to Audit Committee Recommend LSBU Risk Register to Audit Committee
Group Senior Leadership Team	Review Risks by Pillar and Executive Area
SBA/SBC/SBUEL Board/Audit Committee	Approve relevant risk registers. Set institutional risk appetite.
Executive Area	Each Executive member is responsible for a grouping of risks allocated to each Executive Area.
Institutional Leads	The Provost (LSBU), Executive Principal Lambeth College / Pro Vice Chancellor Compulsory and Further Education (SBA and SBC) and CBO (SBUEL). Ownership of overall institutional risk register.
Local Risk owner	The Head of individual business units. Responsible for classification of risks at local level. To be undertaken with support of local senior management teams.
PPA	Collate and support all areas of the Group in completion of documentation, and offer challenge where appropriate.
Assurance Unit	Ensure risk registers appropriately reflect assurance requirements.

Risk Classification

Impact

- *Critical* – occurrence would have a critical effect on the ability of the Group to meet its objectives; could result in the removal of degree awarding status, financial impact undermining financial viability, severe reprimand by OfS/OFSTED or Parliament or the closure of any element of the Group.
- *High* – occurrence would have a significant effect on the ability for the Group to meet its objectives and may result in the failure to achieve one or more corporate objectives.
- *Medium* – occurrence may result in the failure to meet operational objectives and may reduce the effectiveness of the Group but it would not result in the failure of the Group's corporate objectives or put an element of the Group at risk.
- *Low* – occurrence would have little effect on operational or corporate objectives.

More clarity in relation to these definitions, by risk category are detailed below. It is important to note that a risk is classified by type, not its impact. For example a risk around non-compliance relating to data protection is a legal risk, though its impact may well be financial or reputational.

	Critical	High	Medium	Low
Financial	Deterioration of Group operating margin greater than 5%	Deterioration of Group operating margin greater than 2%	Deterioration of Group operating margin greater than 1%	Deterioration of Group operating margin greater than 0.5%
Legal and Compliance	One or more of the Group's entities is no longer able to legally operate or significant reputational impact or deterioration of Group operating margin greater than 5%	High reputational impact or deterioration of Group operating margin greater than 2%	Medium reputational impact or deterioration of Group operating margin greater than 2%	Low reputational impact or deterioration of Group operating margin greater than 1%
Academic Activity	Removal of OfS registration or Ofsted special measures	OfS issuing a specific condition of registration or an Ofsted rating of 1 (inadequate)	OfS issuing a of enhanced monitoring or an Ofsted rating of 2 (requires improvement)	OfS formal communication, where improvement is required or Ofsted rating of 3 (good)
Reputation	National/International negative exposure over a period longer than a week, beyond the HE environment	National/International negative exposure over a period longer than a week within HE publications and forums	A single National/International negative exposure inside or outside of HE publications or forums.	Negative exposure at local level inside or outside of HE publications or forums.

Residual Likelihood

- Very High – Almost certain to occur within 1 year
- High – likely within 1 year
- Medium – may occur medium to long term
- Low – unlikely to occur

Risk Classification Matrix

Impact	Critical	High	Critical	Critical	Critical
	High	Medium	High	High	High
	Medium	Low	Medium	Medium	High
	Low	Low	Low	Low	Medium
		Low	Medium	High	Very High
		Likelihood			

Training

A training programme will be developed. This will be undertaken with support from colleagues in OD. The initial stage will be to identify relevant stake holders and owners in each part of the risk management process, and deliver training that meets these requirements.

Technology

An appropriate workflow system (e.g. 4Risk platform) will be used to maintain the register of risks. Registers at local level and sub-strategies at Institutional and Group will be owned by a single individual, and updates will be self-served. There will not be automated emails however, and its completion will be supported through regular communication with the PPA team.

Appendix A - Risk Appetite Matrix

	Avoid / Averse	Minimal	Cautious	Open	Seek	Mature
Overall	Avoidance of risk and uncertainty is a Key Organisational objective	(as little as reasonably possible) Preference for ultra- safe delivery options that have a low degree of inherent risk and only for limited reward potential	Preference for safe delivery options that have a low degree of inherent risk & may only have limited potential for reward	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VFM)	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)	Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust
Financial	Avoidance of financial loss is a key objective.	Only prepared to accept the possibility of very limited financial loss if essential.	Prepared to accept possibility of some limited financial loss. Resources generally restricted to existing commitments.	Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Resources allocated in order to capitalise on opportunities.	Investing for the best possible return and accept the possibility of financial loss (with controls may in place). Resources allocated without firm guarantee of return – 'investment capital' type approach.	Consistently focused on the best possible return for stakeholders. Resources allocated in 'social capital' with confidence that process is a return in itself.
Legal Compliance	Play safe; avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances.	Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge.	Challenge would be problematic but we are likely to win it and the gain will outweigh the adverse consequences.	Chances of losing any challenge are real and consequences would be significant. A win would be a great coup.	Consistently pushing back on regulatory burden. Front foot approach informs better regulation.
Academic Activity	Defensive approach to objectives – aim to maintain or protect, rather than innovate. Priority for tight management controls & limited devolved authority. General avoidance of systems/ technology developments.	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations.	Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery. Responsibility for non- critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.	Innovation the priority – consistently 'breaking the mould' and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.
Reputation	No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention.	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest.	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation's reputation.	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation.	Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks.

Appendix B – Risk Management Structures and Timelines (exact months might change from year to year, depending upon calendars)

		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
Governance Forums	Group Board			Review and Approve Risk Appetite and Policy	Review and Approve Risk Register				Review and Approve Risk Register		Review and Approve Risk Register		Review and Approve Risk Register	
	Group Audit Committee			Review and Recommend Risk Appetite and Policy	Review and Recommend Group Risk Register				Review and Recommend Group Risk Register		Review and Recommend Group Risk Register		Review and Recommend Group Risk Register	
	Group Executive			Review and Recommend Risk Appetite and Policy	Review and Recommend Group Risk Register				Review and Recommend Group Risk Register		Review and Recommend Group Risk Register		Review and Recommend Group Risk Register	
	SBC Board (and Audit Committee)		Review and Recommend Risk Appetite	Review and Approve Entity Risk Register				Review and Approve Entity Risk Register		Review and Approve Entity Risk Register		Review and Approve Entity Risk Register		Review and Approve Entity Risk Register
	SBA Board (and Audit Committee)		Review and Recommend Risk Appetite	Review and Recommend Entity Risk Register				Review and Recommend Entity Risk Register		Review and Recommend Entity Risk Register		Review and Recommend Entity Risk Register		Review and Recommend Entity Risk Register
	SBE Board (and Audit Committee)		Review and Recommend Risk Appetite	Review and Recommend Entity Risk Register				Review and Recommend Entity Risk Register		Review and Recommend Entity Risk Register		Review and Recommend Entity Risk Register		Review and Recommend Entity Risk Register
Strategy Implementation	Group Senior Leadership Team	Review of Risks by Executive Area. Major Project Risk Registers and Collated Group Corporate Risk Register at each meeting												
	Business Units		Review Local Risk Registers			Review Local Risk Registers			Review Local Risk Registers			Review Local Risk Registers		
	UMC (and SBA/SBC/SBUEL equivalents)		Review Entity Risk Register and Recommend to Executive			Review Entity Risk Register and Recommend to Executive			Review Entity Risk Register and Recommend to Executive			Review Entity Risk Register and Recommend to Executive		
	Other Business Planning Activities			Review of Local Risk registers in OE Reviews					Review of Local Risk registers in OE Reviews					

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	CONFIDENTIAL
Paper title:	Corporate Risk Report
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 October 2020
Author:	Richard Duke, Director of Strategy & Planning
Sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	For noting
Recommendation:	The committee is requested to note the corporate risk report.

Executive Summary

The corporate risk register currently has:

- Zero critical risks;
- Eleven high risks;
- Fourteen medium risks;
- One low risk

Risks are reviewed on a monthly basis by the Senior Leadership Team (SLT). No changes have been made to the Group Corporate Risk Register since the last report presented at the Audit Committee of 18th June.

Over the course of the 2020/21 academic year, the approved risk policy will be implemented.

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LSBU Corporate Risk: Board Summary Report – Aug 2020

Cover Page: Risk Exposure Matrix – Severity by risk type (from Risk Appetite)

Severity Rating/Risk Type - Appetite	Low	Medium	High	Critical
Financial (open)	(517) EU Referendum Impact on regulation & market (DP)	(631) Full financial benefits including Income and expenditure levels fail to leverage potential of Group (RF) (402) Income growth from Research & Enterprise unrealised (PI) (630) HE Policy - B3 Registration Regulation and potential introduction of student number controls (DJ)	(3) Sustainability of current pension schemes (RF) (625) Impact of Govt. Education Review on HE funding (RF) (2) Revenue reduction if course portfolio, and related marketing activity, does not achieve Home UG recruitment targets (NL) (457) Anticipated international & EU student revenue unrealised (NL)	
Legal / Compliance (Cautious)		(305) Data security and data protection (NL) (519) Negative Curriculum Assessment (DJ) (584) External incident compromises campus operations or access (MMJ)		
Academic Activity (Seek)		(628) Availability of NHS placements (PB) (495) Higher Apprenticeship degrees (FM) (398) Academic programmes not engaged with technological and pedagogic developments (DJ) (494) Inconsistent delivery of Placement activity (NL) (518) Core student system inflexibility / failure (DJ) (627) Impact of new strategy upon organisational culture (MMJ)	(629) OFS Thresholds not met in relation to Condition of Registration B3 (DJ) (37) Affordability of Capital Expenditure investment plans (RF) (467) Progression rates don't increase (DJ) (633) Unable to deliver recovery plan from Covid-19 (DP)	
Reputation (Open)		(6) Management Information perceived as unreliable, doesn't triangulate or absent (RF) (362) Low staff engagement impacts performance negatively (MMJ)	(626) Impact of assurance activity & new initiatives fails to address issues around student experience (PB) (632) Alignment of estate with sector requirements across the Group (PI) (1) Capability to respond to change in policy or competitive landscape (DP)	

Impact	4 Critical <i>Corporate plan failure / removal of funding, degree award status, penalty / closure</i>			
	3 High <i>significant effect on the ability for the University to meet its objectives and may result in the failure to achieve one or more corporate objectives</i>	(495) Higher Apprenticeship degrees (FM) (305) Data security and data protection (NL) (519) Negative Curriculum Assessment (DJ) (6) Management Information perceived as unreliable, doesn't triangulate or absent (RF) (362) Low staff engagement impacts performance negatively (MMJ)	(37) Affordability of Capital Expenditure investment plans (RF) (467) Progression rates don't increase (DJ) (633) Unable to deliver recovery plan from Covid-19 (DP) (626) Impact of assurance activity & new initiatives fails to address issues around student experience (PB) (632) Alignment of estate with sector requirements across the Group (PI) (1) Capability to respond to change in policy or competitive landscape (DP)	(629) OfS Thresholds not met in relation to Condition of Registration B3 (DJ) (3) Sustainability of current pension schemes (RF) (625) Impact of Govt. Education Review on HE funding (RF) (2) Revenue reduction if course portfolio, and related marketing activity, does not achieve Home UG recruitment targets (NL) (457) Anticipated international & EU student revenue unrealised (NL)
	2 Medium <i>failure to meet operational objectives of the University</i>	(517) EU Referendum Impact on regulation & market (DP)	(398) Academic programmes not engaged with technological and pedagogic developments (DJ) (494) Inconsistent delivery of Placement activity (NL) (518) Core student system inflexibility / failure (DJ) (627) Impact of new strategy upon organisational culture (MMJ) (402) Income growth from Research & Enterprise unrealised (PI) (630) HE Policy - B3 Registration Regulation and potential introduction of student number controls (DJ) (584) External incident compromises campus operations or access (MMJ)	(628) Availability of NHS placements (WT) (631) Full financial benefits including Income and expenditure levels fail to leverage potential of Group (RF)
	1 Low <i>little effect on operational objectives</i>			
		1 - Low	2 - Medium	3 - High
		<i>This risk is only likely in the long term</i>	<i>This risk may occur in the medium term.</i>	<i>The risk is likely to occur short term</i>
Residual Likelihood				

	CONFIDENTIAL
Paper title:	Pension assumptions
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 th October 2020
Author:	Natalie Ferer – Financial Controller
Sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	For approval
Recommendation:	To recommend that the committee approves the assumptions made by the LPFA scheme actuaries, Barnet Waddingham, and the assumptions used for the USS scheme for accounting disclosures. The Committee should also note the analysis of pension costs that will be disclosed for LSBU in the 2019/20 financial statements.

Executive summary

This paper is being presented to the Group Audit and Risk Committee because the assumptions used by the actuaries in respect of the LGPS have a significant impact on our reported financial result including the reported scheme deficit. It is important therefore that the assumptions are reviewed and approved.

Figures presented here relate to the University only. However, Lambeth College has its own costs relating to the LPFA scheme which will be presented in the consolidated Financial Statements.

LPFA FRS102 exercise

Assumptions

We have taken advice from KPMG, the University's auditors, and the recommended action is that we use Barnet Waddingham's standard assumptions. The assumptions are set with reference to market conditions at 31/7/20 and are shown below:

	31/7/20	31/7/19	31/7/18
RPI increases	3.25%	3.4%	3.35%
CPI increases	2.25%	2.4%	2.35%
Salary increases	3.25%	3.9%	3.85%
Pension increases	2.25%	2.4%	2.35%
Discount rate	1.35%	2.1%	2.65%

More detailed analysis of the assumptions is contained in the LPFA Accounting Briefing Note attached.

Results for LSBU at 31/7/20

The table below shows the overall deficit in the scheme and movement compared to the position at 31/7/19:

	31/7/20 £'000	31/7/19 £'000
Overall deficit in the scheme	(191,355)	(129,355)
Staff expense	10,884	11,194
Interest expense	2,648	3,055
Administration expense	267	239
Total charged to the income and expenditure	13,799	14,488

Amounts recognised in Other Comprehensive (Expenditure)/ Income	(54,539)	(3,147)
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The movement recognised in Other Comprehensive Expenditure is broken down in more detailed below with most of the movement resulting from changes in financial and demographic assumptions since the last accounting date.

Analysis of the amount recognised in Other Comprehensive Income	Consolidated	
	2020	2019
	£'000	£'000
Return on fund assets in excess of interest	3,224	16,549
Other actuarial gains on assets	(4,606)	-
Change in financial assumptions	(45,507)	(36,403)
Change in demographic assumptions	(1,007)	16,593
Experience gains and losses on defined benefit obligation	<u>(6,643)</u>	<u>114</u>
Re-measurement of the net assets/ (defined liability)	<u>(54,539)</u>	<u>(3,147)</u>

Forecast of costs for 2019/20

The scheme actuaries have projected the University and College pension expense for the year ending 31/7/21. These projections are based on the assumptions used at 31/7/20 and do not take account of any early retirements or augmentations that may occur during the year.

	2021	2020		
	Projected	Projected	Actual	Variance
Consolidated				
Service cost	15278	10245	10884	(639)
interest	2540	2647	2648	(1)
Admin	<u>272</u>	<u>267</u>	<u>267</u>	-
	18090	13159	13799	(640)

USS Scheme

In line with FRS102, the University is required to recognise a liability for the contributions payable in order to fund the deficit in the USS scheme. This is a contractual obligation to pay out a sum of money between 2020 and 2034 to fund the deficit in the USS scheme. Individual employers cannot identify their share of assets and liabilities in the scheme, but rather this is a contribution to the deficit based on a percentage of the pensionable pay of our membership. A deficit modeller has been produced by BUFDG (British Universities' Finance Directors Group) to assist employers with meeting this requirement

As in previous years, we have chosen to use the same assumptions as for the LGPS scheme accounting report. The university's auditors will review this as part of their year-end work, but in previous years have agreed that it is reasonable to use this approach.

The impact of the accounts on the USS deficit provision is shown below:

	At 31/7/20 £'000	At 31/7/19 £'000
Deficit Provision	708	2,141
Total charged to the income and expenditure	(1,433)	1,164
Employer Contributions	509	480

The large debit in 2019 results from an increase in contribution rates which has not reoccurred this year.

Recommendation

The Committee is asked to note the analysis of pension costs to be included in the accounts and to approve the assumptions used in the FRS102 accounting exercise

Included as supplement:

LPFA July 2020 Briefing note

Accounting Glossary and FAQs

	CONFIDENTIAL
Paper title:	Draft Public Benefit Statement
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	06 October 2020
Author(s):	Patrick Christie, Senior Policy and Stakeholder Manager
Sponsor(s):	James Stevenson, University Secretary
Purpose:	For Information
Recommendation:	The committee is requested to note the draft Public Benefit Statement.

Executive Summary

The Public Benefit Statement forms a mandatory part of the annual report of charities. The statement must include:

- A statement that the charity has had regard to the Commission’s guidance on public benefit – the Board will be reminded of this guidance at its meeting of 15 October 2020;
- A report on how the HEI has delivered its charitable purposes for the public benefit.

The draft statement sets out the University’s charitable objects from its Articles of Association. It demonstrates how the University advances education for the public benefit. The University’s main beneficiaries are its students. In carrying out its objects the University also benefits the wider public through research and knowledge transfer.

Recommendation

The committee is requested to note the draft Public Benefit Statement for inclusion in the annual report.

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London South Bank University (charity) Public Benefit statement

LSBU is an exempt charity within the meaning of the Charities Act 2011. Its principal regulator is the Office for Students (OfS). On 18 September 2018 LSBU was entered into the register of English higher education providers.

The accounts of South Bank Colleges (SBC), an exempt charity within the meaning of the Charities Act 2011, form part of these accounts. Further details on how SBC meets its public benefit obligations are set out in SBC's own accounts.

Charity Commission Guidance on Public Benefit

The members of the Board of Governors are the charitable trustees of LSBU. In undertaking its duties, the Board of Governors has regard to the Charity Commission's guidance on public benefit.

Charitable Objects

The charitable objects (under s.3 Charities Act 2011) of LSBU, as set out in its Articles of Association, are to:

- conduct a university for the public benefit for the advancement of education, promotion of research and dissemination of knowledge;
- provide full time and part time courses of education at all levels; and
- provide facilities to promote these objects and provide associated support and welfare for students.

LSBU's objects are applied solely for the public benefit, as follows.

LSBU advances education for the public benefit by:

- providing teaching to its students in the form of lectures, seminars, personal tuition and online resources;
- delivering many courses accredited by recognised professional bodies, full and part time;
- setting and marking assessments, giving feedback to students and providing evidence of achievement by the awarding of degrees, diplomas and certificates.

LSBU promotes research and the dissemination of knowledge by:

- undertaking academic research and publishing the results;
- publishing articles in peer-reviewed journals;
- maintaining an online and physical academic library with access for students, staff and guests;

LSBU provides support and services for students through:

- wellbeing services, including support for students with disabilities and mental health issues. This includes a counselling service;
- student advice and guidance services via a one-stop-shop and student helpdesks
- employability services, supporting students who are working while studying, helping students source work experience and graduate opportunities;
- money advice, including debt management;
- specific support services for particular groups of students, including care leavers, carers and pregnant students;
- mentoring and coaching;
- providing student accommodation;

- funding some individual students' education through bursaries and fee waivers; and
- providing funds to London South Bank University Students' Union (LSBUSU).

Beneficiaries

In carrying out its objects, LSBU benefits its students and future students through teaching and learning activities either directly or through the support of its subsidiaries (SBA and SBC). LSBU also benefits the wider public, through research and knowledge transfer.

The trustees affirm that the opportunity to benefit is not unreasonably restricted. The benefits of learning at LSBU are open to anyone whom it believes has the potential to succeed. Throughout its history, LSBU has enabled wider access to education. Its 2020-2025 Strategy, sets clear targets to focus on three key areas, all directly related to providing public benefit: student success; real world impact; access to opportunity. The fourth key area; fit for the future, recognises the need for LSBU to adapt to the digital world, its new organisational structure and changing stakeholder expectations.

Like other universities, LSBU must charge tuition fees. However, tuition fee and maintenance loans are available to home undergraduates who have applied for funding via Student Finance England. In addition, the University offers financial assistance in the form of scholarships, bursaries and charitable funds to students in need.

The University has one "linked" exempt charity: the LSBU consolidated charitable fund for the welfare of students. This fund was worth £862,387 on 31 July 2020 (31 July 2019: £854,880). The funds are managed with the aim of securing capital growth and an annual income. In 2019/20 the income received was £16,192 (2018/19: £30,910). The income is allocated for distribution by the University's Hardship Panel to students in financial difficulty.

The University's curriculum is firmly rooted in professional courses supported by accreditation from professional, statutory and regulatory bodies that enhance employability and career success. In 2017 (the last available year of DLHE data), 87.5% of graduates were in graduate employment and/or further study 6 months after leaving (DLHE survey results 2017 – 18).

The University also contributes to the wider public benefit through the publication of research. The University performed well in the Research Excellence Framework 2014, with the majority of its research graded as "Internationally Excellent" and "Recognised Internationally". LSBU is committed to Open Access, sharing scholarly works with industry, the professions and wider public through LSBU Research Open and providing an Open Access Fund to pay Open Access publication costs.

LSBU is London's largest university contributor to community-based enterprise, evidenced by involvement in some £15m of ERDF and ESF projects. In addition, the University is in the top two of all London universities for the number of Knowledge Transfer Partnerships run with local businesses and enterprises. The commitment to local enterprise education and SME development is recognised internationally, from working with refugee groups across south London to operating commercially in Borough Market.

	CONFIDENTIAL
Paper title:	Draft 2019/20 Corporate Governance Statement
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 October 2020
Author:	Michael Broadway, Deputy University Secretary Kerry Johnson, Governance Officer
Sponsor:	James Stevenson, Group Secretary
Purpose:	For information
Recommendation:	The committee is requested to note the draft 2019/20 corporate governance statement for inclusion in the annual report and accounts.

Executive Summary

The Corporate Governance Statement is intended to assist readers of the financial statements in obtaining an understanding of the governance and legal structure of the University. It sets out the governance and legal structure of the University and how the Board complies with the Higher Education Code of Governance (CUC, 2014) and the OfS's public interest governance principles.

This draft statement is a work in progress, with some updates still to be made following a review of the new CUC Higher Education Code of Governance, published on 15 September 2020, and a review of the Board's standing orders. The standing orders will be updated for the 15 October 2020 meeting of the Board.

A final version will be considered at the next meeting of 5 November 2020.

Recommendation

The committee is requested to note the draft 2019/20 corporate governance statement for inclusion in the annual report and accounts.

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Corporate Governance Statement

The following statement is given to assist readers of the accounts in understanding the governance and legal structure of the University. The accounts of South Bank Colleges (SBC) and South Bank University Enterprises Ltd form part of these accounts (South Bank Academies is also within the LSBU Group but is not consolidated). Further details on the corporate governance arrangements of these companies is included in their own accounts.

The University's Board of Governors is committed to maintaining the highest standards of corporate governance. In carrying out its duties it follows:

- The Directors' duties as set out in sections 170 – 177 of the Companies Act 2006
- The CUC Higher Education Code of Governance
 - Higher Education Senior Staff Remuneration Code
- The Office for Students (OfS) Terms and conditions of funding for higher education institutions and the Audit Code of Practice (March 2018)
- The OfS Public Interest Governance Principles
- The Charity Commission's Guidance on Public Benefit and its duties as charity trustees of compliance, prudence and care
- The University's Articles of Association and standing orders
- The seven principles of standards in public life
- Other legislative requirements of corporate and Higher Education bodies

Governance and Legal Structure

London South Bank University is a company limited by guarantee and an exempt charity within the meaning of the Charities Act 2011. Its objects and powers are set out in its Articles of Association. The Articles provide the governance framework of the University and set out the key responsibilities of the Board of Governors and its powers to delegate to committees, the Vice Chancellor and the Academic Board.

Compliance with the Public Interest Governance Principles

The University demonstrated its compliance with the OfS's Public Interest Governance principles when registering with the OfS and they continue to be upheld by LSBU through the current governance structures reported in this section and the university's relevant published policies.

Compliance with the CUC Higher Education Code of Governance

The Board has materially complied with all aspects of the Higher Education Code of Governance (CUC, December 2014) during the year under review, as demonstrated below. References to paragraphs of the code are shown in brackets below.

[A revised Code of Governance was published by the CUC on 16 September 2020. The University will review the revised code in detail, but is confident that it remains compliant.]

Decision making

London South Bank University is led by a Board of Governors, which is collectively responsible for the strategic direction of the University, approval of major projects and partnerships and ensuring that the potential of every student is maximised (1.1).

The Board has agreed a Schedule of Matters Reserved which establishes the responsibilities of the Board and its committees. The Board, and where appropriate, its committees make decisions by consensus at meetings or electronically (2.4). The schedule is reviewed on an annual basis. The schedule has been updated to reflect the new group structure of LSBU.

During the year, the Board met five times (five times in 2018/19). In addition, the Board held two strategy days (two in 2018/19) allowing further time to discuss and debate longer-term strategic challenges for the University. All governors are expected to attend meetings and to contribute effectively. Attendance at meetings is recorded and monitored by the Chair. In the year under review, there was a 92% (2018/19: 82%) attendance rate at Board meetings.

Due to the national coronavirus pandemic, Board and committee meetings have been taking place online via MS Teams since March 2020. Attendance at these virtual meetings has remained high and governors have continued to engage well with discussion.

The Board has due regard to Charity Commission guidance on public benefit when making decisions (see separate statement of public benefit on page [•] (1.2). The Board receives an annual reminder on Charity Commission guidance (most recently, 15 October 2020). It receives assurance that the institution meets the requirements of the *Terms and conditions of funding for higher education institutions* with OfS through the Audit Committee (1.3).

Compliance

All governors and members of the Executive are required to declare their interests on appointment, on an annual basis and are required to declare any interests which relate to decisions at meetings. During the year under review, all declared interests

were authorised by the Board. No conditions were attached to any of these interests (2.2). The governing body affirms that it makes decisions without any undue pressure from external interest groups, which is assured through the declaration of interests' process (2.3).

The Board receives annual reports on the institution's compliance with key legislation, for example health and safety; equality, diversity and inclusion; and otherwise by exception reporting (3.6). In addition, independent governors have the right to external, independent advice at the University's expense where necessary in order to fulfil their duties. Material adverse change and reportable events are reported to the OfS when discovered and annually as part of the Accountability and Assurance statement (3.6). Four reportable events were reported (including the South Bank Colleges estates strategy and the Croydon Campus project), and no material adverse changes were reported to the OfS during the year.

The Board receives annual reports from the Students' Union in relation to its democratic processes and finances (2.5).

Sustainability

The Board is responsible for the financial sustainability of the institution and approves the annual budget, which is aligned to the five year corporate strategy (3.2). The Board oversees the performance and financial sustainability of the institution by regularly reviewing Key Performance Indicators, management accounts and five year forecasts (3.3). Overall financial control is delegated to the Chief Financial Officer, who is a member of the Executive and has regular access to the Vice Chancellor, as and when required (3.9).

Academic governance

The Board has oversight of academic governance across the institution, receiving an annual assurance report from the Academic Board.

The Board has regard to the principle of academic freedom (4.1, 4.2, 4.3).

External activities

The Board reviews all proposals for all significant, external activities and independent legal advice is sought, if necessary. Due diligence is conducted when entering into major projects that have significant risk associated with them (5.1).

Equality and Diversity

The Board receives an annual report on equality, diversity and inclusion, and compliance with the public sector equality duty under the Equality Act 2010 (6.3). In addition, the Board held an EDI workshop with an external facilitator during the year.

The Board regularly reviews its composition and considers equality and diversity in its appointments. The Nomination Committee has agreed that in the event of underrepresentation of any group, targeted recruitment would be used to address this (6.3, 6.4, 6.5). During 2018/19, a recruitment firm that specialises in equality and diversity was used to recruit five new governors, which has helped improve the diversity of the Board. A similar exercise will be undertaken during Winter 2020/21 to recruit a minimum of two new governors.

Structures and processes

The Board when fully complemented consists of 18 governors: 13 independent governors (7.1), the Vice Chancellor, two student governors and two academic staff members nominated by the Academic Board. Governors serving for the period are listed on page (•) The Board determines the number and composition of the Board of Governors within parameters set by the University's Articles of Association. Staff and student governors were not excluded from any items at Board meetings during the year (1.4).

Under the Articles, the Board has the power to remove any governor from office if they breach their terms of office (7.2). On appointment, governors also agree to act in accordance with the seven principles of public life and the university values. (1.2, 2.1). All members of the Board have access to the services of the Clerk. The appointment or removal of the Clerk is a matter for the Board as a whole under the Articles (7.9).

Following the publication of the OfS Public Interest Governance Principles in 2018, all governors have confirmed that they meet the 'fit and proper' definitions as set out by the OfS.

Committees

The Board delegates authority to a number of committees. All committees are formally constituted with appropriate terms of reference, which are reviewed annually (3.6). Terms of reference and membership of each committee are available on the governance pages of the University's website. Each committee has a majority of independent governors. The chairs of each committee are independent governors and are set out below under Key Individuals.

The following principal committees met throughout the year:

- Appointments Committee
- Group Audit and Risk Committee
- Finance, Planning and Resources Committee
- Major Projects and Investment Committee
- Nomination Committee
- Remuneration Committee

- Honorary Awards Joint Committee

The Nomination committee is responsible for recruiting new independent governors (7.3). Recommendations are made to the Appointments Committee, which makes the final decision on appointment. A written description of the role and capabilities required of governors has been agreed by the Nomination Committee. Candidates are judged against the capabilities required and the balance of skills, experience currently on the Board. The balance of skills, experience and diversity of independent governors is kept continually under review by the Nomination Committee.

Membership of the Group Audit and Risk Committee is between three and four independent governors (3.12), and a co-opted external member. Following OfS requirements, the committee produces an annual report for the Board, which gives an annual opinion on risk management control and governance; economy, efficiency and effectiveness; and management and quality assurance of data submitted to external bodies, (3.4, 3.5). The committee reviews the effectiveness of the systems of control in place across the institution. The committee receives an annual report on the quality of data submitted to external bodies (3.8, 3.10). The committee receives assurance annually from the external auditor that public funds have been spent appropriately.

There is a Remuneration Committee which decides the remuneration of senior executives, including the Vice Chancellor (3.13). Membership of the committee is four independent governors, including the Chair of the Board (3.14). No individual is present for discussions that directly affect them. The Vice Chancellor is not a member of the committee. The committee considers comparison information and use of public funding when deciding remuneration (3.15, 3.16.).

Further details on the work of the committee are included in the annual remuneration report below (at pages **x to x**).

The Honorary Joint Awards Committee is a joint committee with the Academic Board. It has delegated authority from the Board of Governors to select recipients for the conferment of an honorary degree or an honorary fellowship based on procedures and criteria as approved by the Academic Board. Its membership comprises independent governors, and staff and student governors who are also members of the Academic Board.

Governance effectiveness review

During 2018/19, the Board completed a full effectiveness review which was reported to the July 2019 Board meeting (the previous review was conducted in 2015 in line with 7.12 of the CUC Code). Following this review no major changes to the Board's structure were proposed. The review was undertaken internally but was quality assured by PwC (7.11), who concluded that they "did not identify any issues with the

way in which the process was run by the governance team. We are comfortable that the process was free of bias and was conducted appropriately”.

The main recommendations arising out of the review are:

1. to review both assurance and reporting from the Academic Board to the Board to enable greater visibility of the work done by the Academic Board;
2. that agendas for Board meetings and Strategy Days provide greater focus on strategic discussions and a reduction of operational papers; and
3. continued focus on finalising ‘Group’ governance arrangements and structure and for the Board of Governors to be assured of its responsibilities and potential liabilities in relation to it.

An action plan was developed following the review, and the Board continues to monitor progress against the plan. Work has been undertaken to address the main recommendations:

1. The new Pro Vice Chancellor (Education) is now in post. The Governance Team is working closely with the PVC (Education) and the Provost to improve processes for assurance and reporting from the Academic Board, particularly with regard to OfS conditions B1-B6.
2. The structure of Board and committee agendas has been reviewed to provide greater focus on strategic discussions. Workshops on writing effective papers have been provided for Executive members and senior managers to enable them to provide papers with a greater focus on strategic matters.
3. The committee terms of reference have been revised to address the new Group structure. The Standing Orders and Statement of Primary Responsibilities were updated during 2020 to clarify Group governance arrangements.

LSBU Group

With the creation of the LSBU Group in 2018/19, group governance structures are being developed. Both South Bank Academies and South Bank Colleges have their own Boards of Trustees who are responsible for the success of their companies. The LSBU Board continues to oversee LSBU but also has oversight of the value that both SBA and SBC bring to the LSBU Group.

Key Individuals

Position	Name
Chair of the Board of Governors	Jeremy Cope
Vice Chair of the Board of Governors	Michael Cutbill (from 1 March 2020)

	Douglas Denham St Pinnock (until 22 February 2020)
Head of Institution (Vice Chancellor and Chief Executive)	David Phoenix
Chair of Group Audit and Risk Committee	Duncan Brown
Chair of Finance, Planning and Resources Committee	Michael Cutbill
Chair of Major Projects and Investment Committee	Rashda Rana (from 27 February 2020) Douglas Denham St Pinnock (until 22 February 2020)
Chair of Nominations Committee	Jeremy Cope
Chair of Appointments Committee	Jeremy Cope
Chair of Remuneration Committee	Jeremy Parr
University Secretary and Clerk to the Board of Governors	James Stevenson

Key individuals can be contacted through the office of the University Secretary and Clerk to the Board of Governors, Mr James Stevenson, at London South Bank University, 103 Borough Road, London SE1 0AA. Published documents are available on the governance section of the University website.

Statement of Primary Responsibilities of the Board of Governors

(based on the CUC Guide for Members of Higher Education Governing Bodies in the UK)

1. To set and agree the mission, strategic vision and values of the institution with the Executive.
2. To agree long-term academic and business plans and key performance indicators and ensure that these meet the interests of stakeholders, especially staff, students and alumni.
3. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
4. To delegate authority to the HoI for the academic, corporate, financial, estate and human resource management of the institution, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the HoI.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and procedures for handling internal grievances and managing conflicts of interest.
6. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
7. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the institution.
9. To appoint the HoI as Chief Executive and to put in place suitable arrangements for monitoring their performance.
10. To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
11. To be the employing authority for all staff in the institution and to be accountable for ensuring that an appropriate human resources strategy is established.
12. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and

financial statements, and to have overall accountability for the institution's assets, property and estate.

13. To be the institution's legal authority and, as such, to ensure systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name. This includes accountability for health, safety and security and for equality, diversity and inclusion.
14. To receive assurance that adequate provision has been made for the general welfare of students.
15. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
16. To ensure that the institution's constitution is always followed, and that appropriate advice is available to enable this to happen.
17. To promote a culture which supports inclusivity and diversity across the institution.
18. To maintain and protect the principles of academic freedom and freedom of speech legislation.
19. To ensure that all students and staff have opportunities to engage with the governance and management of the institution.

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	INTERNAL
Paper title:	Anti-fraud, bribery and corruption report
Board/Committee	Group Audit and Risk Committee
Date of meeting:	23 September 2020
Author:	Natalie Ferer – Financial Controller
Sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	For noting
Recommendation:	That the Committee notes this report.

Executive Summary

Since the last report there are no new matters to report.

Recommendation:

The Committee is requested to note this report

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	INTERNAL
Paper title:	Group speak up report
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	18 June 2020
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	James Stevenson, Group Secretary
Purpose:	For Information
Recommendation:	The committee is requested to note the speak up report

Speak Up report

No new speak up cases have been raised since the last meeting.

The committee was notified of two new speak up cases at its last meeting: one from a student alleging victimisation from his course director, and one from a tenant alleging fraud in relation to a Covid 19 small business grant.

Following appeal under the Speak Up Policy, the student has agreed to use the Student Complaints Procedure.

An update on the alleged fraud will be given at the meeting.

The committee is requested to note the update.

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	CONFIDENTIAL
Paper title:	Reportable events update
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	18 June 2020
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	James Stevenson, University Secretary
Purpose:	For Information
Recommendation:	The committee is requested to note the update.

Reportable events since the last committee meeting

One reportable event has been notified to the OfS since the last GARC meeting. This was the opening of the Croydon campus as approved by a sub-committee of the Board in July 2020.

The Vice Chancellor has also notified the OfS of the revolving credit facility with Barclays approved by a sub-committee of the Board in September 2020.

The committee is requested to note the update.

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	CONFIDENTIAL
Paper title:	Data Protection breaches report
Board/Committee:	Audit Committee
Date of meeting:	06 October 2020
Author(s):	Alice Black, Group Data Protection and Information Compliance Officer (DPO)
Sponsor(s):	James Stevenson, Group Secretary
Purpose:	For Information
Recommendation:	The Committee is requested to note the following update on recent reportable and non-reportable data breaches.

Reporting Breaches of personal data

There have been five incidents involving breaches of personal data since the last meeting of the Audit Committee. One of these breaches was reported to the ICO and will be discussed in more detail later in this report. All the non-reportable breaches relate to data disclosure.

Non-reportable breaches

BR2009 – A spreadsheet detailing Moodle activity for a number of students was included in the evidence pack for a student complaint. This was sent to the complaining student. Data disclosed was minimal (Surname, IP address) and recipient was asked to delete the data.

BR2010 – Purchase order for an external consultant containing their name, home address and financial value of their work was sent to an SME in error. Email recall was unsuccessful as it was an external email address but SME confirmed they had not viewed attachment and had deleted the email.

BR2011 – Document containing grades and feedback for all students on a module was uploaded to an individual student's Moodle, rather than the single page applicable to that student. Student reported the error and was able to view other students' names, Student numbers, grades and feedback. Once the error was raised the document was removed from Moodle immediately and replaced with single page feedback. No evidence student downloaded full document or shared the information with any other students – grades had already been released by that time.

BR2013 – Payroll forms for on-call hours for four staff members were emailed to an external recruitment agency rather than LSBU Payroll. These contained the staff members' names, job titles, employee numbers and signatures, plus the names and signatures of two approving budget holders. The documents were sent to a trusted external partner who deleted them immediately on request.

Reportable breaches

BR2012 – Cyber-attack on LSBU supplier Blackbaud

Who are Blackbaud?

Blackbaud is a US based provider of CRM systems for fundraising and LSBU use its products Raisers Edge and Net Community. We were advised that the main CRM we use (Raiser's Edge) has not been impacted by this attack but the Net Community Intergration was affected. Net Community delivers the front and back end solutions for our alumni and support website. It which allows users to create and update personal profiles, update communication preferences and make donations. It also contains an email platform through which we send newsletters and an event registration platform. In terms of the GDPR Blackbaud are a Data Processor for LSBU.

What happened and when?

In May 2020 Blackbaud were subject to a Ransomware attack on their self-hosted servers. A copy of one of their back-up files was made by a Cyber-criminal, who then sent Blackbaud a ransom demand. Blackbaud worked with forensics experts and US law enforcement in handling the ransom request, which they then paid. They have advised us that the information affected has been destroyed and was not shared. LSBU, along with all of Blackbaud's UK customers, was notified of the Cyber Attack via email on the 16th July 2020.

Who was impacted and what data was involved?

Data for 89,972 Alumni is held in Net Community. The data sets for each individual varied but could include some or all of the following; name, email address, phone number, address, date of birth, job title, employer, career information.

No encrypted data (User name, password, credit/debit card details) was included in the data copied by the attacker.

What action was taken by LSBU?

LSBU reported the breach to the ICO on the 18th of July 2020 and provided some additional information on 10 August 2020, once further details were provided by Blackbaud.

We reviewed the full cohort of data subjects whose data was held in NetCommunity. For 71,465 of these the only data sets held were name and email address, therefore we decided that notification to the data subjects in this subset would be disproportionate and may cause undue concern. For the remaining 16,507 where there were additional data sets involved (date of birth, address, job title, employer, career information) we decided it was appropriate to notify these data subjects via email and these emails were sent on the 27th of July 2020.

A mailbox was set-up for any queries in response to the notification. Approximately 30 replies were received and these were responded to by the Alumni team and the DPO.

Next Steps

We have received a number of assurances from Blackbaud around the changes they have made to their security practices in order to prevent any further attacks. We continue to discuss the matter with them while we await a decision from the ICO. We have had no further correspondence from the ICO since the additional information was provided on 10 August 2020. Given the large number of organisations that use Blackbaud as a Data Processor and were therefore required to notify the ICO regarding this attack, we anticipate that they will deal with these collectively and issue a consistent response to data controllers.

Recommendations:

The Committee is requested to note this paper.

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	CONFIDENTIAL
Paper title:	Committee terms of reference and membership
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 October 2020
Author:	Michael Broadway, Deputy University Secretary
Sponsor:	James Stevenson, Group Secretary
Purpose:	For information
Recommendation:	The committee is requested to note the terms of reference and membership for Group Audit and Risk Committee.

Executive Summary

The Group Audit and Risk Committee terms of reference was last updated October 2019 to take into account the committee's role as part of the LSBU Group.

Recommendation

The committee is requested to note the terms of reference and membership for Group Audit and Risk Committee.

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LSBU Group Audit and Risk committee

Terms of reference

1. Constitution

- 1.1 The LSBU Board of Governors has established a committee of the Board known as the LSBU Group Audit and Risk Committee.
- 1.2 Each entity in the LSBU group¹ will have an audit committee to review audit matters relevant for that entity and in line with its terms of reference.

2. Membership

- 2.1 The Committee and its chair shall be appointed by the Board, from among its own members, and must consist of members with no executive responsibility for the management of the institution.
- 2.2 There shall be no fewer than three members; a quorum shall be at least two members.
- 2.3 The chair of the Board should not be a member of the committee.
- 2.4 Members should not have significant interests in LSBU or any LSBU group company.
- 2.5 At least one member should have recent relevant experience in finance, accounting or auditing.
- 2.6 The committee may, if it considers it necessary or desirable, co-opt members with particular expertise.
- 2.7 Members of the committee should not also be members of the Major Projects and Investment Committee or the Finance, Planning and Resources Committee.

¹ Currently SBUEL and SW4 Catering Ltd's audit arrangements are reviewed by its boards. This will be reviewed as future arrangements of the companies are developed.

3. Attendance at meetings

- 3.1 Members of the group Executive may attend meetings where business relevant to their remit is to be discussed.
- 3.2 The Group Chief Financial Officer (or equivalent), the head of group internal audit and a representative of the group external auditors shall normally attend meetings.
- 3.3 At least once a year the committee should meet with the group external and group internal auditors without any officers present.

4. Frequency of meetings

- 4.1 Meetings shall normally be held four times each financial year. The Chair, group external auditors or head of group internal audit may request a meeting if they consider it necessary.

5. Authority

- 5.1 The committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the committee.
- 5.2 The committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the head of institution and/or chair of the Board. However, it may not incur direct expenditure in this respect in excess of £20,000 without the prior approval of the Board.
- 5.3 The Audit Committee will review the audit aspects of the draft annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the external auditors' management letter. The committee should, where appropriate, confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report to the Board.

6. Secretary

- 6.1 The secretary to the Committee will be the Clerk to the LSBU Board or other appropriate person nominated by the Clerk.

7. Duties

7.1 The duties of the committee shall be to:

- 7.1.1 advise the LSBU Board on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors, and any questions of resignation or dismissal of the external auditors;
- 7.1.2 consent, on behalf of LSBU, to the appointment of the external auditors of SBA and SBC;
- 7.1.2 discuss with the external auditors, before the audit begins, the nature and scope of the audit of the LSBU Group consolidated accounts;
- 7.1.3 as necessary, to hold regular discussions with the group external auditors (in the absence of management where necessary);
- 7.1.4 consider and advise the LSBU Board on the appointment and terms of engagement of the group internal audit service (and the head of internal audit if applicable), the audit fee, the provision of any non-audit services by the internal auditors, and any questions of resignation or dismissal of the internal auditors;
- 7.1.5 review the group internal auditors' annual audit risk assessment, strategy and programme for LSBU; consider major findings of internal audit investigations and management's response for audits relating to LSBU and group-wide audits; consider a summary of internal audit reports relating to SBA or SBC; and promote co-ordination between the internal and external auditors. The committee will monitor that the resources made available for group internal audit by the group executive are sufficient to meet the LSBU Group's needs (or make a recommendation to the LSBU Board as appropriate);
- 7.1.6 keep under review the effectiveness of the group risk management, control and governance arrangements, and in particular review the group external auditors' management letter, the group internal auditors' annual report, and management responses;
- 7.1.7 monitor the implementation of agreed audit-based recommendations, from whatever source;

- 7.1.8 monitor the proper investigation by the executive of all significant losses and that the internal and external auditors, and where appropriate the funding council's accounting officer, have been informed;
- 7.1.9 oversee the group policy on anti-fraud and irregularity, including being notified of any action taken under that policy;
- 7.1.10 set expectations for the Group to promote economy, efficiency and effectiveness and to satisfy itself that suitable arrangements are in place in LSBU to achieve this; ;
- 7.1.11 receive any relevant reports from the National Audit Office (NAO), the relevant educational regulators and other organisations;
- 7.1.12 monitor annually the performance and effectiveness of the group external and group internal auditors, including any matters affecting their objectivity, and make recommendations to the LSBU Board concerning their reappointment, where appropriate;
- 7.1.13 consider elements of the annual LSBU Group consolidated financial statements in the presence of the group external auditors, including the auditors' formal opinion, the statement of directors' responsibilities and the statement of internal control, in accordance with the relevant educational regulators' accounts directions;
- 7.1.14 in the event of the merger or dissolution of the institution, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed;
- 7.1.15 advise the LSBU Board of Governors on the effectiveness of the internal control system and recommend changes as necessary;
- 7.1.16 review regularly the group financial regulations for the supervision and control of financial procedures, accounts, income and expenditure of LSBU and to advise the Board of Governors as necessary;
- 7.1.17 monitor compliance with relevant regulatory and legal requirements and report to the LSBU Board of Governors as necessary;
- 7.1.18 receive reports made under the group "speak up" policy and to monitor annually the performance and effectiveness of the "speak up" policy and procedures;

7.1.19 to authorise single debt write offs above £10,000 and annual debt write offs above £50,000. To receive a report on any debt written off below this threshold and approved by the Group Chief Financial Officer.

7.1.20 to consider significant deviations from business case or concerns following a post investment review

7.1.21 note a summary of any audit reports commissioned by the board of any LSBU Group company to cover matters specific to that company

7.1.22 to review LSBU's assurance to the Office for Students with regard to its academic quality

8. Reporting procedures

8.1 The minutes (or a report) of meetings of the Committee will be circulated to all members of the LSBU Board. Minutes of subsidiary audit committees are published on the modern.gov system.

8.2 The committee will prepare an annual report to the OfS covering the institution's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the LSBU Board and LSBU Vice Chancellor/Chief Executive, and will summarise the activity for the year. It will give the committee's opinion of the adequacy and effectiveness of the institution's arrangements for the following:

- risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts); and
- economy, efficiency and effectiveness (value for money).
- management and quality assurance of data submitted to HESA, the Student Loans Company and to the OfS and other funding bodies

This opinion should be based on the information presented to the committee. The Audit Committee annual report should normally be submitted to the LSBU Board before the members' responsibility statement in the annual financial statements is signed.

Approved by the Audit Committee on 1 October 2019

Approved by the Board of Governors on 17 October 2019

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Paper title:	Committee business plan, 2020/21
Board/Committee	Group Audit and Risk Committee
Date of meeting:	6 October 2020
Author:	Kerry Johnson, Governance Officer
Sponsor:	Duncan Brown, Chair of the Committee
Purpose:	To inform the committee of its annual business plan
Recommendation:	To note the committee's annual business plan

Group Audit and Risk Committee Business Plan

The Committee's business plan is based on the model work plan for audit committees developed by the CUC. It is intended to help the committee review the adequacy and effectiveness of risk management, control and governance (including ensuring the probity of the financial statements) and for the economy, efficiency and effectiveness of LSBU's activities delegated to it from the Board.

As agreed at the meeting of 5 November 2015, the committee's business plan is a standing item on agendas.

The plan lists regular items. Ad hoc items will be discussed as required.

The Audit Committee is requested to note its annual business plan.

	Oct	Nov	Feb	June
Anti-bribery policy review				x
Audit Committee Annual Report to Board* (* Draft to be circulated to committee for comment ahead of time)		x		
Audit Committee business plan	x	x	x	x
Membership and Terms of Reference - approve	x			
Speak up report	x	x	x	x
Speak up policy review			x	
Annual Report and Accounts		x		
Anti-fraud policy review				x
Anti-fraud, bribery and corruption report	x	x	x	x
Data assurance report			x	
Debt write off - annual				x
Draft public benefit statement	x			
Draft corporate governance statement	x			
External audit findings		x		
External audit letter of representation		x		
External audit management letter		x		
External audit performance against KPI's		x		
External audit plan				x

External auditors - non-audit services	x			
Finance and Management Information (FMI) structure and leadership team			x	
GDPR/data protection update	x	x	x	x
Internal audit annual report	x (draft)	x (final)		
Internal audit plan - approval				x
Internal audit progress reports	x	x	x	x
Internal audit reports (inc continuous audit)	x	x	x	x
Internal Controls - review	x			
Pensions assumptions	x			
Corporate Risk	x	x	x	x
Risk strategy and appetite				x
Going concern statement		x		
TRAC return to OfS - (by email in Jan)			x	
TRAC(T) return to OfS (by email in Feb)			x	
Value for money report, annual		x		
Modern slavery act statement		x		
Prevent annual return		x		
OfS reportable events	x	x	x	x

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